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CURRENT HISTORY

JANUARY 1932

Woodrow Wilson Relives in a Great Biography

By ALLAN NEVINS

[The following article discusses Woodrow Wilson as he appears in the monumental biography which Ray Stannard Baker has been preparing for several years. Volumes III and IV covering the years 1910-14 have just been published (New York: Doubleday, Doran & Co., \$10). Mr. Nevins, who is Professor of History in Columbia University, is the general editor of the "American Political Leaders Series" and the author of many important works of history and biography.]

THE ill feeling toward Woodrow Wilson which many Americans aggressively displayed after 1921 is beginning to fade away. A consciousness that his rich career and conscientious personality are part of the national wealth is being felt by even the most rabid Rooseveltians. Such a good Republican as Mr. Hoover might (if Mr. Hoover were only a little more robust and generous) admit on almost any Armistice Day now that in our last war the nation had a really commanding President. As for the former admirers of Wilson, our

national stage has not been so crowded with great figures since his death that they feel inclined to abate their regard for him. Altogether, Ray Stannard Baker's slowly progressing biography should find a responsive public. It unveils a figure of impressive proportions—not so versatile as Roosevelt, not so ruggedly courageous as Cleveland, not so wise or lovable as Lincoln, but admirably fitted to meet one of the great crises, not only of national life but of world history. It is well that the story should be told fully, that the personality of the man should be rendered undiminished. If Mr. Baker continues work on his present scale his biography will reach eight volumes; but Wilson can triumphantly bear even that burden of detail.

Mr. Baker has many merits as a biographer. Among his defects is the fact that he apparently holds a firm belief in the dubious maxim, *de mortuis nil nisi bonum*. Early in the first

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of these two new volumes he relates how on Jan. 21, 1910, he heard Wilson's "great speech at the Hotel Astor; an unforgettable experience." No orator he had ever before faced had made an impression "so vivid, clear-cut, alluring"; none had ever imparted such a sense of "firelike sincerity and conviction." It is evident that Mr. Baker has lingered under Wilson's complete spell ever since. In most biographies the hero is permitted to make a few errors. There has been a general impression that in the long, exciting, involved path that led from "Prospect" at Princeton, through Delmonico luncheons with Harvey, the Governor's room in Trenton, the convention at Baltimore and the hustings of 1912 to the hall where the first President since John Adams delivered his message direct to Congress and the Cabinet room where the overthrow of Huerta and William II was planned, there were inevitably mistakes. If so, Mr. Baker hardly admits them. He identifies himself with his hero and assumes throughout the rôle of a defender. He does not distort facts and he is notably fair to Wilson's opponents, from Boss Smith and poor McCombs to Lodge; but he glosses over Wilson's missteps.

Wilson was a great man—too great to require any such treatment. No one can read the testimony of these volumes without realizing that he impinged upon the American political scene about 1908 with the sharp-cut effectiveness of a leader who precisely fitted the time. The national temper was veering sharply toward progressivism. Bryan, Roosevelt, the Populists, the muckrakers and the reformers had prepared the ground and Taft's clumsy errors sharpened the demand to its final edge. Why did Wilson and not some one else fit the time? He had a mind, which Bryan did not. He had a highly educated, balanced and controlled mind, which La Follette did not. He had a mind that responded every day and all day to his conscience, while Roosevelt's, when

such objects as Panama or the concealment of Harriman's contributions or the humiliation of Taft were in view, slipped the leash. Besides having a mind, a conscience and an education, Wilson had one additional quality that is needed to turn a political leader into a really eminent statesman—imagination. His imagination enabled him to hear clear voices calling out of that dim, murky cave of the winds called public opinion. It enabled him to peer not too blindly into the future. It was imagination which made him believe, with immense fervor, that a new day of social justice and responsible government was dawning in the United States in 1912; which made him feel that a new era of world peace and world hope was lighting the bloody ruins of 1918. Imagination produced a wealth of rhetoric. It produced also the splendidly real achievements in legislation and administration which saved him from the charge of being a doctrinaire.

But he was not a great man all at once, as Mr. Baker seems to believe; he grew great by steps. His biographer presents him as setting one sure foot forward after another. He is eager from the very beginning to quote men on his rare qualities. Now it is the hostile labor leader who came out of Wilson's office in Trenton, where he had gone to attack his employers' liability bill, saying, "That's the greatest man in America." Now it is Boss Smith listening to the Newark speech of Nov. 5, 1910, and saying, with tears in his eyes: "That is a great man, Mr. Tumulty. He is destined for great things." Now it is Mr. Baker himself at the Hotel Astor speech, saying with enthusiasm: "Here was complete understanding; here was the man who * * * knew what to do. Here veritably was the thinking leader the country needed and could trust!" Yet the fact was that Wilson began as a neophyte in politics and, as James Kerney has shown in his acute volume, *The Political Education of Woodrow Wilson*, had to go through a process of "politi-

cal education." He came to the Governorship an amateur in State affairs and had to learn them—with blunders. He began his Presidency as a novice, with all the empiricism that marks one, and it was only gradually that he felt his way to the security of a trained and experienced administrator. As David Lawrence has put it, his first term "taught him much about his task that enabled him to direct his own improvement." Most important of all, the whole texture of his ideas about politics had to change. The follower of Burke, Bagehot and Cobden had to grow into a follower of Jefferson and Jackson; the Princeton professor who denounced the initiative and referendum as "unworkable" and assured a rich trustee that he wished Bryan could be knocked into a cocked hat had to be transformed into an eloquent apostle of progressive devices and of the lifelong ideas of Bryan.

It is a dramatic story, this growth, and the drama lies in the alternation between the errors and the achievements. In May, 1910, came his final defeat in the effort to reform Princeton. The Wyman bequest at the close of that month meant that he had failed. He was tired of the "minor statesmanship" of education anyway. For several years various men—George Harvey, Walter Hines Page, Laffan of the *Sun* and certain millionaires—had seen in Wilson a *potential* statesman; a little raw, tactless and crude and more than a little headstrong, but promising. It is evident that they regarded him as William C. Whitney had regarded Grover Cleveland. He was to be a reformer—but not in too dangerous a way; a tame, conservative reformer who would draw all the inflammation out of the radical movement, who would set backfires against the flames sweeping down on trusts, interlocking directorates, tariffs and all the rest. This was the theory on which Wilson was projected into the public arena, and he was shortly surprising everybody,

including himself, by the way he handled political affairs.

Partly by instinct, partly by virtue of his long training in political theory, Wilson hit at the outset upon a formula or set of principles which served him admirably in politics and government. In essence, it consisted of four rules: Pay as little attention as possible to the bosses, appeal directly to the people at every opportunity, set up a close working alliance between the executive and legislative departments and never let the legislators forget that, while each of them represents part of the people, the Executive represents all the people. It took time to make the formula work smoothly. There were mischances and blunders. It is evident that at the very outset Wilson almost brought his career to wreck by his ostentatious indifference to the regular party leaders. In June, 1910, he was on the Connecticut shore at Lyme; a conference with Boss James Smith and Henry Watterson had been arranged at Deal, N. J., by George Harvey; Wilson telegraphed at the last minute that he could not find a train, and Boss Smith was about to nominate Judge Hudspeth of Jersey City for Governor. Only George Harvey's importunities and his energetic dispatch of a friend to bring Wilson down, dead or alive, saved the day. Yet however clumsy he appears in such episodes his indifference to the bosses was sound. He had no illusions about "gratitude" to Smith, Nugent and the other New Jersey leaders. He was aware that they took him up not because they admired him or his political ideas but because they believed he could win and that they could bend him afterward. He was quite justified in showing them that they could not. Incidentally, the sharp defeat of Boss Smith's attempts to override the Senatorial primary and make himself Senator and the still sharper defeat of Nugent's attempt to interfere with Wilson's legislative program were excellent politics. Mrs. Bryan has told us how they impressed her husband.

Still more, they impressed the great American public.

It was by appealing to the people that Wilson won the nomination in 1912. While President Taft and Governor Dix of New York were presenting the spectacle of good-natured Executives surrounded by hard gentlemen who knew exactly what they wanted, Wilson presented the spectacle of a hard Executive who insisted on what the people wanted. More than that, he seized every opportunity to take the stump and talk on national issues. David Lawrence has pictured him in 1910 as looking at the future "indifferently and without caring whether he would have to undertake larger obligations after serving his term as Governor." When, in 1911, talk of the Presidential nomination began, says Mr. Lawrence, "he was at a loss to understand it." On the contrary, he is revealed in these pages as looking forward constantly to the Presidency. Before he was nominated for Governor he wrote his friend, David B. Jones, a Princeton trustee (June 27, 1910), that the plan was to make him President; that the West already preferred him to Judson Harmon, and that it was a "fact" that once made Governor his chances for the Democratic nomination "would be better than those of any other man." He trimmed his sails shrewdly toward that eventuality. The reader is struck in these pages with the endless succession of speeches he made on national topics. When, in May, 1911, W. H. Page, McCombs and Frank Parker Stockbridge induced him to make a Western stumping tour, with special attention to Bryan's State and city, the New York *World* grumbled that he was hunting the nomination too hard. His speeches, moreover, were well planned; they struck that note of progressivism which chimed with a rising surge of sound from the whole national orchestra.

Here also, to be sure, there were blunders; but they were swallowed up in the general correctness of his

course. Mr. Baker expends much detail on the famous quarrel with George Harvey, seeking to prove that at every step Wilson was right. Indeed, he treats the episode, unconvincingly, as a "conspiracy" of which Wilson was the intended victim. Mr. Baker's theory is that Wall Street was finding its supposedly tame reformer altogether too untamed and that Harvey concocted a scheme to ruin him. This is too Machiavellian an interpretation. Undoubtedly Wilson meant well. Nevertheless, it is a bit disturbing to compare his grateful effusiveness of 1906-10 to Harvey (see, for example, his "all my heart" letter of Feb. 3, 1906) with his curt notice to Harvey in December, 1911, that his support was now injurious and should be withdrawn. Wilson should have been less eagerly cordial at the outset or more tactfully appreciative at the end. Mr. Baker also lays a number of palm leaves on Wilson's brow for his handling of the Baltimore convention. Unquestionably he played most of his cards well. Nevertheless, the fact is admitted by Mr. Baker that on Saturday morning, June 29, 1912, when Champ Clark had secured a majority, but not two-thirds of the delegates, Wilson committed the almost fatal error of sending McCombs a telegram authorizing the release of his followers. "It seems certain," calmly observes Mr. Baker, "that if Wilson had followed McCombs's advice at any one of several critical moments he would probably have lost the nomination." Well, he did follow his advice at this most critical moment! And he would have lost the nomination in consequence had not the sleepless William Gibbs McAdoo at Baltimore threatened, in effect, to break every bone in McCombs's body if he used the telegram. Probably McAdoo tore the paper to shreds—for it has never since been found.

As President, Wilson faced the necessity of applying the third and fourth of his great rules. The fathers of the Constitution had planned to swing the

Presidency and the Congress in totally separate orbits, one a check upon the other. But as Wilson repeatedly wrote, this Newtonian concept of government was erroneous; government really answers to the Darwinian theory and the executive and legislative branches are simply fellow-members of the same growing, living body. They must act in nice coordination if their health is to be maintained. As Governor, Wilson had tried to apply his theory to the New Jersey Legislature. Experimentally, with results not altogether happy, for he was accused of attempting a party dictatorship, he had gone to the caucus of the Democratic legislators. Some members had tried to eject him. It was unprecedented for a Governor to intrude upon a legislative conference. Wilson had not only stayed but had compelled the members to accept his program of corrupt practices legislation, commission-government legislation and legislation to regulate corporations. Now, in 1913, had come the time to apply his rules to Congress in the first Democratic Administration since 1897. He acted with an energy and decision which made his first two years in the Presidency perhaps the most fertile in constructive legislation in all our history. This is the story—the story of the Federal Reserve act, the Underwood tariff, the Panama tolls fight, the Federal trade commission act, the Clayton act—which fills Mr. Baker's fourth volume.

The reasons for Wilson's immense success in persuading Congress to do his will are simple. The progressive movement had reached its culmination and demanded fruition. The Democratic party, in and out of Congress, realized that its future depended entirely upon its good conduct; it was a little dazed by its sudden accession to power and in a docile mood. Most important of all, Wilson's earnestness and his strength of personality enabled him to appeal over the heads of recalcitrants and rally public sentiment in a wonderfully effective way.

Mr. Baker treats it all as a grand triumphal march—which in a sense it was. He thrusts Colonel House into his proper position with scant ceremony, demonstrating how little this adviser really contributed at certain points where everything has been claimed for him. He shows how the Federal Reserve bill, while a product of many "best minds," depended for its final success upon the determination, inflexibility and drive of the President. (Colonel House endangered the bill at one time by letting its tentative provisions leak out to the savagely critical bankers.) He explains how adroitly, by a combination of appeals to the country, pressure from the White House and repeated visits to the Capitol, which last shocked the conservatives, Wilson forced the tariff revision through a Congress as dangerously divided as that which had virtually defeated Cleveland's clumsier efforts of 1894. At the same time we gain a vivid impression of the ceaseless and exhausting pressure of a thousand other problems, from appointments to Mexican affairs, upon the President.

Here also a candid admission of errors would have set a valuable foil against the striking record of achievement. Mr. Baker confesses that the Cabinet was inexperienced, and that one member, Lindley M. Garrison, was an unhappy choice. He might have added that other members were deplorably weak, that the President was much too casual in his choice of men and that the total impression of the first Cabinet on the country was unhappy. With approval, he quotes Frank Cobb as writing in the *World* that no Cabinet had ever made or ruined an administration. But Mr. Cobb wrote that before Mr. Fall, Mr. Denby and Mr. Daugherty had ruined Harding's! The employment of Mr. House as an unofficial Assistant President was a decidedly dubious act, which in the end Wilson himself bitterly regretted. In his public utterances during the harassed years 1913-

14 Wilson was repeatedly infelicitous. Beginning with his speech before the Southern Society of New York on Dec. 17, 1912, where he delivered the threat that he would "build a gibbet as high as Haman's" for any one who should try to discredit the new administration by creating an "unnatural" panic, he was responsible for a number of verbal indiscretions. Nor were Wilson's tactics in dealing with his own party in Congress always well planned. He made errors and false starts in handling the Federal Reserve legislation and paid for them in almost ruinous schism in the Senate Committee on Banking and Currency. In foreign affairs a more critical treatment of his handling of the question of the Japanese in California, answering Roosevelt's attacks on his policy, would have added to the value of Mr. Baker's biography.

But by 1914 Wilson had definitely emerged as a great statesman. The qualities that give him a place among our five or six really eminent Presidents had developed to their full strength. The early months of this year found him coping expertly with a multitude of problems: trust legislation, immigration, rural credits, the seamen's bill, the Philippines, conservation and much more. Midsummer found him dealing with "that scoundrel, Huerta." Wilson, not surprisingly, liked him as a good fighter, while he hated him as a tyrant. "A diverting brute!" he wrote. "He is always so perfectly in character: so false, so sly, so full of bravado (the bravado of ignorance, chiefly) and yet so courageous, too, and determined—such a mixture of weak and strong, of ridiculous and respectable! One moment you long for his blood and the next you find yourself entertaining a sneaking admiration for his nerve." Then, with August, came private tragedy, in the death of Mrs. Wilson, and world tragedy in the breaking of the World War. The man who had grown so steadily through the four crowded years since his resignation at Prince-

ton faced problems that would test him as no Presidents but Washington and Lincoln had been tested before.

One fact more remains to be stated. At last, in this work the personality of Wilson comes completely before us. Roosevelt was the same man to the crowd and to his intimates. But the real Wilson, the Wilson only a few friends knew, was very different from the man the world saw. Every one thought him cold, aloof, guarded; actually he was warmly emotional, hungry for affection and indiscreetly eager to express himself. He poured himself out in letters, chiefly to women whose "unarguing sympathy" (perhaps also whose admiration) he relied upon. These letters copiously quoted, including many to the famous Mrs. Peck, who is here always mentioned under her later name of Mrs. Mary A. Hulbert, contain some extraordinary revelations. "Now we can not go to Rydal!" he had exclaimed when the news of his Presidential nomination came. His love of privacy, his boyhood dreams, his attachment to "people of flavor and personality," his interest in swallows on a telephone wire, Bermuda, Wordsworth, religion, the "dismal voice" of the ocean at Sea Girt, the death mask of Cleveland, Percy Mackaye's bird masque at Cornish, the more interesting guests at the White House and his golf score, his emotion when Francis Sayre took away one of his daughters and Mr. McAdoo became engaged to another, his beautiful devotion to Mrs. Wilson—all this and much more is now fully opened to us. Sometimes these intimate touches are not altogether pleasing. In view of his Scotch-Irish fighting qualities, his rugged stubbornness and energy, the plangent note of sentiment occasionally tinkles incongruously. Yet it all shows that Woodrow Wilson was a wonderfully complex personality, whose strength arose from depths not found in many men and whose weaknesses were born of cross currents that do not trouble shallower or weaker souls.

The Clash of Arms in Manchuria

By CYRUS H. PEAKE

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THE Manchurian crisis, if it did not come to an end, at least entered upon a new phase on Dec. 10 when the Council of the League of Nations adopted a resolution designed to remove this menace to international concord. The Council of the League had been in session the greater part of the three months during which the crisis has been in progress. Its chief effort had been to draw up a resolution acceptable to the disputants which would result in the withdrawal of Japan's forces to the Japanese railway zone in Manchuria and the restoration of normal relations between China and Japan.

As soon as the Chinese were confronted by Japan's superior armed forces on Sept. 18 they appealed to the League and to Washington, thereby seeking to make the Manchurian problem an issue of international politics in the hope that the pressure of other nations would restrain Japan. In the boycott, however, the Chinese have a weapon of defense that in the long run bids fair to defeat the Japanese militarists. The Japanese, on the other hand, officially asserted that the Manchurian crisis is one to be settled between the two nations without the intervention of third parties. The military clique in Japan resented the League's attempts to bring about evacuation and repeatedly flouted the Council's efforts in this direction and at times the civil arm of their own government as well. They had been

marching resolutely forward to attain objectives determined upon before the actual application of force.

The fundamental issues underlying Japan's special position in Manchuria are essentially political and legal, based upon the treaties and notes signed in 1905 and 1915. The validity of the 1915 agreements—which were signed as a result of the presentation of the infamous Twenty-one Demands—is a question which the Chinese Government has reserved to determine at any opportune moment. This continual threat keeps the Japanese in an aggressive mood and makes difficult any conciliatory policy aiming at mutual development of Manchuria's vast economic potentialities.

A second source of dispute is to be found in the leases by which an increasing area of land has been brought under the administration of the Japanese government-controlled South Manchuria Railway Company—the S. M. R. The Chinese have struggled constantly to prevent the Japanese from leasing more land and acquiring additional mining rights. Another point of disagreement originates in the nature and extent of Japanese administration of the gradually expanding S. M. R. areas. Especially acute has been the question of the taxation of Chinese nationals living within these areas. Still another constant source of dispute is the stationing of regular Japanese soldiers, at times as many as 15,000, at points along the S. M. R.

The Chinese maintain that these "guards" should have been withdrawn, according to treaty stipulation, when Russian forces were withdrawn, first by compulsion in 1917 and later, in 1924, by agreement.

Finally, the major dispute between the two nations, which is an immediate cause of the present crisis, originates in the development of Chinese-controlled railways in Manchuria. For the construction of some of these lines, such as the Kirin-Tunhua line and the Ssuningkai-Anganchi line, the Japanese have advanced loans on the understanding that these railroads should be feeders to either the S. M. R. or the Korean railway system. Since 1925, however, the Chinese have decided to develop without Japanese loans their own railway system in Manchuria, with the port of Hulutao as an outlet. The rapid development of this system and its port has caused the S. M. R. authorities much concern. The official policy of the present government toward this competing system may be summarized as " * * * not to prevent China from building profitable railways in Manchuria so long as these lines do not strangle the South Manchuria Railway." How far certain interests in cooperation with the military clique are willing to go to protect their \$1,000,000,000 investment from "strangulation" and to maintain their prior hold on the development of South Manchuria, the present crisis clearly reveals.

The events leading up to the present impasse began with the order of Marshal Chang Hsueh-liang on Dec. 29, 1928, to fly the Kuomintang national flag over official buildings in Manchuria, signaling that henceforth Manchurian policies would be in harmony with those of the Nationalist Government at Nanking. The Japanese thus found themselves confronted with an increasingly unfavorable situation. Not only were their plans for the development of Manchuria being thwarted but they commenced to suffer a decline in profits through the

increasing competition of the Chinese-controlled Manchurian railway system. In June, 1931, the dividends of the S. M. R. were reported to have been reduced from 11 to 8 per cent.

In spite of the difficulties encountered with Chang Hsueh-liang's régime, Baron Shidehara, Japanese Foreign Minister, continued to pursue his traditional "friendly policy" toward China. Speaking before the Diet on Jan. 22, 1931, he said in reference to the Manchurian situation: "Nor can it be believed that China on her part harbors a design to reduce the South Manchuria Railway to ruin." In harmony with this policy E. Kimura, a director of the S. M. R., went to Mukden to negotiate with Marshal Chang for a settlement of the particular problem of "parallel" or competing railways. Though he persisted in his efforts into the Summer of 1931 he met with no apparent success. An increasingly hostile spirit confronted him and by May that spirit had spread to Japan. As a result, on May 29 the Foreign Office received a resolution passed by the Japanese National Chamber of Commerce calling on the government to uphold Japan's rights and interests "absolutely." Furthermore, it called upon the " * * * Japanese people generally to pay close attention to the anti-Japanese attitude which China has been adopting of late * * * [and to study] carefully the measures to be taken to cope with the situation."

Hostile feelings were heightened on July 2, when Chinese farmers attacked a Korean "settlement" at Wanpaoshan, near Changchun. The trouble, which arose ostensibly over certain irrigation works constructed by Koreans, resulted in a number of deaths and the dispatch of Japanese troops to protect their "nationals." On the following day Korean mobs commenced a retaliatory attack on Chinese residents in Korea, which resulted, through the criminal negligence of local Japanese authorities, in the massacre of over a hundred Chinese. As a

consequence another boycott against Japanese goods was launched in China.

Baron Shidehara, nevertheless, persisted in his conciliatory policy. He ordered Mr. Shigemitsu, the new Japanese Minister to China, to proceed to Nanking for negotiations. On Sept. 16 the Minister reported that he had secured the consent of the Finance Minister, T. V. Soong, to a joint commission for examination and settlement of the outstanding issues in Manchuria. This news was published in Japan on the following day, but it came too late. During the night of Sept. 18 the Japanese militarists took charge of affairs and launched an attack on Marshal Chang's forces in Mukden. The military phase of the Manchurian crisis had begun.

For years the civil and military arms of the Japanese Government have struggled for the control of foreign policy. Since 1922 the balance has tended slightly toward civilian control, especially since the advent to power of the Minseito Government under Prime Minister Hamaguchi in July, 1929. Through his liberal leadership the navy, at the London naval conference in 1930, sustained a "defeat." The Premier's reward for accepting additional limitations on naval armament at the conference was martyrdom. He was shot and fatally wounded by a nationalist fanatic. The army men, foreseeing a similar setback at the forthcoming disarmament conference and faced with an immediate demand for retrenchment for budgetary reasons, began to grow restive. A forward step was taken in bringing about the resignation of General Ugaki as Minister of War and the installation of their "strong man," General Minami.

At this juncture the issues in Manchuria reached an acute stage. In June the general staff decided to obtain approval for increasing the Korean garrison from two to three divisions. Early in July they took steps to increase the garrison in Manchuria. The Wanpaoshan affair played directly

into their hands. Finally, on Aug. 4, at a conference of divisional commanders, General Minami, Minister for War, spoke of the dangers in Manchuria and Mongolia, urged an increase of the garrisons in Korea and Manchuria and condemned the advocates of disarmament as "blind to the actual conditions and guilty of propaganda inimical to the army and the State." His words received wide publicity. The Cabinet remonstrated with him for his indiscreet statements, which jeopardized the attempts of the Foreign Office to settle the issues through diplomatic channels. The General, however, knowing that his resignation meant the fall of the Cabinet and resting secure in his constitutional right of direct appeal to the Throne, remained obdurate.

All that the militarists now needed was an aroused nation demanding a strong policy in China's three eastern provinces. With the publication on Aug. 17 of the news that a certain Captain Nakamura had been murdered by Chinese soldiers in Manchuria while traveling under a Chinese passport, a simple, colorful incident was at hand to arouse popular passions. The murder apparently occurred on June 27, but it was some time before the news reached Japan. Even then its publication was suppressed by the Foreign Office because of the delicacy of Sino-Japanese relations. Upon investigation it was discovered that Nakamura had traveled under a Chinese passport, as an educator, and in civilian clothing. The Japanese War Office, however, discovering that he was a Captain, insisted upon the publication of that fact. For some weeks a struggle ensued between the two arms of the government, the Foreign Office insisting upon publication of the news as the assassination of Mr. Nakamura, an educator. Finally the War Office released the account according to its own interpretation. From that time the "war psychology" of the Japanese public grew apace.

At a mass meeting of 300 military

reserve officers at Nara on Aug. 31, resolutions were passed favoring a strong policy in Manchuria and Mongolia and expressing opposition to disarmament. Further, it was decided to propagandize these views. Early in September, General Minami, at a dinner to 500 reserve military officers, voiced his opposition to disarmament and budgetary reduction, urging his listeners to disseminate national defense ideas and to demand a strong policy in Manchuria and Mongolia. By Sept. 10 a large section of the House of Peers and even certain members of the Minseito, or government party, were opposed to the Foreign Office's conciliatory policy, while the jingo press was rapidly swinging the public into line.

On Sept. 15 General Honjo mobilized the forces of the Kwantung garrison and awaited only a fresh excuse to commence action—the Nakamura episode was about to be settled diplomatically. The militarists discovered the pretext in the alleged blowing up of a section of the S. M. R. tracks by Chinese soldiers at Peitaying, near Mukden. With a swiftness and efficiency that revealed carefully laid plans the Japanese forces set about, on Sept. 18, to disarm or disperse Chang Hsueh-liang's forces and to bring about the collapse of his régime. The aim of the militarists in Manchuria since that date has been simple enough—first, to drive out or reduce to submission all Marshal Chang's forces north of the Great Wall; secondly, to assist in the establishment of a new Manchurian régime which would be independent of Nanking and "friendly" to Japan's expanding interests in South Manchuria and Inner Mongolia and with which the government could negotiate successfully for the settlement of some 300 alleged disputed cases.

The Japanese militarists in carrying out their policy brought about an actual, if not a technical, state of war. They flouted pledges made by their government as signatory to the cove-

nant of the League, the Kellogg Pact and the Nine-Power Treaty. Though confronted by an intensely aroused public opinion demanding retaliation, the Nanking Government decided to seek an amicable settlement by appealing to the signatories of the Paris Pact and invoking Article XI of the League covenant. As a result the Manchurian crisis was elevated from the plane of a local conflict to the realm of international politics.

The League Council, in response to China's action, adopted a resolution on Sept. 22 calling upon the Japanese and Chinese Governments to withdraw their troops from the zone of conflict and to abstain from acts liable to aggravate conditions. The following day Secretary of State Stimson sent identical notes to the two governments of the same tenor as the League resolution and informed Geneva accordingly. Both governments accepted the resolutions. Dr. Alfred Sze, Chinese delegate on the League Council, then reiterated his government's demand for an immediate withdrawal of all Japanese troops to the railway zone and urged the formation of a neutral commission to assist in restoring normal relations between the two countries. In turn K. Yoshizawa, the Japanese delegate, stated that his government had no territorial designs in Manchuria, but insisted on direct negotiations with China without interference of third parties, promising that Japanese troops would gradually be withdrawn to the railway zone unless the actions of Chinese soldiers or bandits prevented such action. On Sept. 30 the Council unanimously adopted a resolution, in which it stated " * * its responsibility to help both parties secure a complete and prompt withdrawal of the armed forces of Japan and full re-establishment of the status quo ante. * * "

It then adjourned until Oct. 13.

Meanwhile, Japanese military planes on Oct. 8 had bombarded the city of Chinchow, which Marshal Chang had selected as his temporary capital after

having retreated from Mukden. This flagrant act was a clear sign that the militarists were still in the saddle and led to a stiffening of the Council's attitude following a decision to reconvene on Oct. 13. Secretary Stimson, moreover, dispatched a note to the American consular representative at Geneva for delivery to the League, in which he stated that it was " * * * most desirable that the League in no way relax its vigilance and in no way fail to assert all pressure and authority within its competence toward regulating the action of China and Japan. * * * On its part the American Government, acting independently through its diplomatic representatives, will endeavor to reinforce what the League does, * * *" and would invoke the Paris Pact and the Nine-Power Treaty should it seem advisable. Washington also offered to appoint an observer to sit with the Council if invited to do so.

Much encouraged by the support of the United States Government, the Council's first task upon reconvening was to provide a seat for the American representative. Kenkichi Yoshizawa, Japan's delegate to the League, expressed the vigorous opposition of his government to this action by casting the one vote against seating the American representative. Nevertheless, the invitation was extended and on the following day Consul General Gilbert of Geneva was present at the Council table. He was carefully instructed by his government to take part in the deliberations only when they related to the Paris Pact. The Council, on Oct. 17, decided to invoke that pact, inviting all signatories thereof to dispatch identical notes to China and Japan reminding them of their obligations under Article II.

The reaction of the Japanese Government to this increased pressure was the presentation, on Oct. 20, of five points as a basis for negotiations which went even further than previous statements. These "basic principles" were: (1) Mutual repudiation of ag-

gressive policy and conduct; (2) respect for China's territorial integrity; (3) complete suppression of all organized movements interfering with freedom of trade (specifically the boycott) and stirring up international hatred (including disparaging references to Japan in Chinese textbooks); (4) effective protection throughout Manchuria of all peaceful pursuits undertaken by Japanese subjects, and (5) respect for the treaty rights of Japan in Manchuria. Under the last point Japan was seeking to prevent the Chinese Government from opening in the future the question of the validity of the treaty and notes of May, 1915, by which Japan's special position in Manchuria was extended to ninety-nine years or to the close of the present century.

The Chinese countered with a memorandum containing their proposals: (1) No negotiations until Japanese troops were withdrawn; (2) a neutral investigation during and after withdrawal; (3) reparations for the damage committed, and (4) establishment of a permanent board of arbitration and conciliation between Japan and China. The first point has been a most vital one at issue before the Council, because the Japanese have firmly insisted that negotiations must precede and provide a basis for evacuation. Unable to bring the disputants together on this and other points, the Council, on Oct. 24, adopted a resolution by a vote of 13 to 1, Japan dissenting, which called upon Japan to withdraw its troops within the railway zone of the S. M. R. by Nov. 16. The Council then adjourned, not to meet again until that date.

During the second period that the Council was not in session the Japanese military clique once more resumed its command of the course of events. It still had two objectives to attain—first, the forcing of Marshal Chang's troops southward from his temporary capital at Chinchow to within the Great Wall; and, secondly, the capture of Tsitsihar, the capital of

Heilungkiang Province of North Manchuria, and the occupation of the Chinese-controlled railway leading to it, a railroad whose construction had been financed in part by the S. M. R. Tsitsihar and a portion of this railway were held by General Ma Chen-shan, who still professed loyalty to Marshal Chang. As it was necessary to cross the Chinese Eastern Railway in order to reach the provincial capital, Tokyo informed Russia that this line, in which Moscow has vital interests, would not be damaged. The Soviet Government in reply interposed no objection to an extension of the sphere of action to North Manchuria as long as their interests in that area would be respected.

When the League Council convened on Nov. 16 at the Quai d'Orsay in Paris, Japanese troops had failed not only to withdraw to the railway zone, but were actually fighting General Ma's forces near the Nonni River. Even while the League Council was sitting, the Japanese military continued their northern drive, attaining their objective with the capture of Tsitsihar on Nov. 19. The League, however, persisted in its efforts to bring the disputants together on a compromise plan which would entail evacuation under the eyes of neutral observers. The gravity with which the situation was held at this stage by Washington was reflected in the instructions given Ambassador Dawes to be present in Paris during the meeting of the Council. But he was instructed not to take the place previously occupied by Consul-General Gilbert, a decision generally considered to be a concession both to Japanese feeling in the hope of strengthening the hand of the civilian government, and also to the Senate isolationists who would shortly have the opportunity to express their opposition in the American Congress.

Throughout the remainder of November and the first part of December, the Council continued its tireless efforts to draft a resolution which

would be a compromise between the conflicting demands and counter-demands of Nanking and Tokyo. Progress was achieved with the acceptance by both governments of a commission of inquiry: Japan apparently understood that the commission would investigate China as a whole and would not supervise the movement of troops nor intervene in the direct negotiations between the two parties; China, on the other hand, demanded the assurance that the formation of a commission would not delay the withdrawal of Japanese forces.

Meanwhile much concern was aroused on Nov. 27 by the dispatch southwestward from Mukden in the direction of Chinchow of a large Japanese force, an action taken in spite of the definite pledge of the Japanese Foreign Office two days earlier that Marshal Chang's capital would not be attacked. The following day the troops were incontinently ordered to return to Mukden. This sudden "retreat" of the militarists was an encouraging and unmistakable victory, however temporary, for the civilian government in Tokyo.

In view of the War Office's determination to bring about the withdrawal of Marshal Chang from his temporary capital at Chinchow, the League undertook to establish a neutral zone about that city. The Japanese militarists, however, reasserted on Dec. 6 their intention to drive Chang Hsueh-liang's forces south of the Great Wall. Meanwhile they would withhold action, temporarily, to give him an opportunity to withdraw peacefully. Chinese public opinion by this time was aroused to such a pitch that Minister Alfred Sze informed the League that Marshal Chang's forces would not evacuate Chinchow, but would "fight and die there if necessary."

Negotiations, however, took a turn for the better, as was revealed at an open meeting of the Council on Dec. 9.

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Secretary Stimson's Task in a Troubled World

By PRESTON W. SLOSSON

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LIFE often wastes its best dramatic situations on essentially undramatic actors. Henry Lewis Stimson, the present Secretary of State, is a case in point. No element of romance was lacking to his career; one can imagine the use a Roosevelt would have made of it. A Federal District Attorney in 1906, he held a spectacular office in the metropolis and won renown as a "trust buster" when that rôle was most popular. In 1910 he stood as Roosevelt's choice for Governor of New York when the most colorful of modern Presidents staged his "return from Elba." In 1911 he was Secretary of War under Taft. During the World War he became Colonel Stimson and made an enviably brilliant war record. In 1927 he was the civil arm of our intervention in volcanic Nicaragua. He succeeded the picturesque Leonard Wood as Governor General of the Philippines. Since becoming Secretary of State he has had to deal with diplomatic tangles caused by revolutions in half of Latin America, to negotiate with European powers at a period of unusual tension and to work for peace in Asia while still avoiding entrance, if possible, into the seven times heated furnace of Manchuria. When chosen for the highest office in the Cabinet, the selection was almost universally applauded, even by that portion of the press which had little but blame for the rest of the Hoover Administration.

Yet even today, though one of the best liked of President Hoover's offi-

cial family, Secretary Stimson is one of the least known. His early career is buried in old newspaper files and was forgotten by the general public during the long interval which separated the Taft and Coolidge Administrations. Cartoonists have passed him by with little notice. Journalists have not been able to make much copy out of him. Outside his circle of personal friends—a wide one, to be sure—not many have a clear image of his personality. He speaks as he writes, clearly but coldly. The art of running for office and bidding for votes he does not understand. In the 1910 campaign his friends urged him to "take a crack at those fellows. Refer to them by their first names and do it with a sneer. This isn't a case being argued in court. And for Heaven's sake make a gesture or two when you speak." The advice was given in vain. The gestures would not come, and Mr. Stimson found himself referring decorously to "the views of Mr. Murphy" or his "points of disagreement with Mr. Sullivan." In his own quiet way combative enough, he simply could not bring down the house with a loud clashing of steel in the Roosevelt manner. Perhaps it is as well that he did not try, for nothing is more pathetic than a public man trying by art to be what nature never made him. One remembers that familiar and pathetic photograph of President Coolidge peering wistfully from the midst of a vast, enveloping cowboy suit.

There is one anecdote which nearly

every biographer of Colonel Stimson has told and I do not wish to be the first to break the tradition. In those days he was Sergeant H. L. Stimson in Squadron A of New York's militia. Riding through Rock Creek Park in the national capital, he heard his old friend Elihu Root, then Secretary of War, call out: "By order of the Secretary of War, Sergeant Stimson will report at once in person to his Commander-in-Chief, the President of the United States." Sergeant Stimson obediently turned his horse to the stream. The bank was steep, a spring freshet was in flood, but he made the difficult crossing and emerged, damp but undaunted, on the other side. Both Root and Roosevelt expressed concern at his danger, but Stimson merely replied that a soldier's duty was to obey orders without question. He then received the further command to go home, change his clothes and—in some versions of the story—to take a good stiff drink. The incident is said to have much to do with President Roosevelt's subsequent interest in his career; Roosevelt thought that the officer who could turn at the word of command from a militia carpet knight to a rough rider might be a Federal prosecutor who could scare the evildoers on Wall Street.

The story is a good one and no doubt, as the biographers say, does typify Mr. Stimson's unquestioning soldierly obedience. But does not another significance lie in the fact that it is the only personal anecdote about him which every one seems to know? Legends and anecdotes have not clung to him, and so this one has the undue prominence which comes from isolation. On the prairie, so runs the proverb, every ant hill is a mountain and every bush a forest tree.

Henry Lewis Stimson was born in New York City on Sept. 21, 1867. His father, a distinguished physician, had served on General Schofield's staff during the Civil War. His mother died when he was very young; his father was increasingly absorbed in his ex-

acting vocation, and the boy would have had a lonely childhood had it not been for the close comradeship of his uncle, Henry A. Stimson, one of the leaders of the Congregational ministry. The unknown and usually unreliable author of *Washington Merry-Go-Round** says with absolute accuracy that "in the life of Henry Lewis Stimson, his namesake the Rev. Dr. Stimson played a great part—probably the most important part any individual has played." He is further right in stressing the fact that Dr. Stimson's influence was to widen and liberalize the mind of a boy whose greatest danger was that he might grow up too conventional and conservative to wrestle with the problems of modern democracy. By inheritance and instinct, young Stimson was and is today a nationalist, a patriot and a soldier, but the fact that he is also an internationalist and a worker for world peace must owe much to contact with his uncle's thought. Without that influence he might have ended another Henry Cabot Lodge, sweeter tempered to be sure, but with quite as contracted a horizon. He was educated in a conventional Eastern fashion—first at Phillips Academy in Andover, then at Yale and then Harvard Law School, and he became a corporation lawyer under the eminent wing of Elihu Root. A legal career lay before him, probably leading ultimately to a Federal judgeship, and he would have been content. But fate intervened to hurl him into one of the liveliest party battles in the history of New York State.

As Root rose in the world he did not forget his young partner. He called him to the attention of President Roosevelt, who made him United States District Attorney for the Southern District of New York. He took part in the prosecution of sugar

**Washington Merry-Go-Round*, p. 109. Parenthetically, it is worth noting that the sketch of Secretary Stimson in this book is the most nearly sympathetic one accorded to any of President Hoover's political associates.

trust frauds, in the prosecution of the New York Central for rebating, in the trial of the notorious financier, Charles W. Morse, in closing down the "personal column" of the *New York Herald*, which had become a cover for immoral purposes. Roosevelt felt that his selection had been more than vindicated and in 1910 picked Stimson as his personal choice for Governor of New York. There had as yet been no open break between Taft and Roosevelt, but the former President was eager to re-enter politics and chafed at the thought that his native State had become the complacent province of Boss Barnes and his Albany ring. At the Saratoga convention Roosevelt forced Stimson's nomination down the reluctant throats of the professional politicians. He would not have been a first choice with them in any case, but it was as "Roosevelt's man" they hated and fought him. The Democrats carried their candidate, John A. Dix, into office, partly because the reactionaries, defeated at the convention, took their revenge on election day, preferring Tammany to Roosevelt. But this was not the only factor in Mr. Stimson's defeat. He was not a vigorous campaigner and he faced a Democratic tidal wave that submerged nearly the whole nation. Even with a united party leadership it is doubtful if any Republican could have won that year.

The failure of Roosevelt and Stimson was hailed by the short-sighted as the end of both political careers. Instead, it brought Roosevelt out from the State to the national arena and heralded the broader conflict of 1912. As for Mr. Stimson, President Taft had the discernment to see that an unsuccessful campaigner might be a very competent administrator and placed him in the Cabinet as Secretary of War. It proved to be one of the best of President Taft's appointments, which were not usually fortunate. Secretary Stimson was a happier man at the desk than on the stump and he was happier yet when

visiting lonely army posts in the Far West. When he visited a fort or encampment he would mingle with the crowd and pick up an army rifle to practice marksmanship with the rest. Sometimes at the first shot he would break the glass bottle which the rest had been firing at in vain. This greatly raised the prestige of the civilian War Secretary with the regular army men; their legal superior was no tenderfoot! The quietly efficient administration of the War Department under Stimson laid strong foundations for the day of testing in the World War. He gave more value, however, to the Taft Administration than he took from it, for the landslide of 1910 was followed by a greater one two years later and once again he was among the victims. Secretary Stimson had become too prominently identified with Republican politics to hope for important office during the next eight years. In 1915 he was an effective member of a constitutional convention in New York (the same convention in which Alfred E. Smith first won general recognition as an administrative expert and legal reformer), but for the most part the law was his occupation and the life of a country gentleman his recreation. These were years of political eclipse, yet made bright by gallant service in the World War, but he could not or would not turn his war record into political coin. This was not all modesty; it was partly a deliberate preference for private as compared with public life. Even the return of the Republicans to power in 1920 did not make him ambitious.

Happiness to Colonel Stimson means horses, dogs, a good gun, a rolling countryside to ride, a Summer home in the more rural part of Long Island, neighbors to drop in by the evening fire. Arthur Page in the pages of this magazine (April, 1929, page 11) has given us an attractive glimpse of the annual Autumn festivals on his country place: "The fields stretching south of his house are filled with

crowds, in one direction men at the traps shooting, in another local horses racing over the jumps in the Colonel's fields, boys racing barrels down and up a steep hill, pushball game, not to mention a tent which contains cider, doughnuts and a constant stream of small boys. The *Long Islander*, the paper Walt Whitman founded, speaks of the host on these occasions as 'Neighbor Stimson.' And this activity is as typical as his services in Nicaragua or the Philippines."

Nevertheless, Nicaragua and the Philippines dragged Cincinnatus away from his plow. As American representative in Nicaragua in 1927 he found two rival political parties, each unwilling to permit an election until its own military ascendancy had been established, because each knew from bitter experience that no opposition ticket could expect a peaceful success. General Pershing's unhappy experience with the Tacna-Arica plebiscite in Chile convinced Colonel Stimson that a fair election with one party in control of means of military coercion was hopeless to expect. He therefore proposed the drastic step of complete disarmament of both parties. Law and order would then be maintained by a native constabulary organized and officered by United States Marines. The experiment was a bold one and not wholly successful; to disarm Nicaragua was as formidable a task as it would be to disarm Chicago, with the natural difficulties of the jungle added to the task of the police. Both Conservative and Liberal leaders agreed to turn in their arms, but the insurgent Sandino, defying the orders of Moncada, his party leader, took to the bush and continued a guerrilla warfare for some months. It may be doubtful if even such blessings as peace and public order are ever gratefully received at the point of foreign bayonets, and the national sensitiveness of small nations seems to vary inversely with their size. At all events, Mr. Stimson's labors resulted in the first free and fair Nicaraguan elec-

tion and a peaceful transfer of power from one party to the other. He carried with him, too, the good-will of most of the Nicaraguans; even those resentful patriots who could not reconcile themselves to the intervention of the United States conceded his personal sincerity and friendliness.

From 1927 to 1929 Colonel Stimson was Governor General of the Philippines. This was another thorny and ungrateful task. Governor Harrison had run the islands with a lax rein and Governor Wood with a tight one; the one method permitted native maladministration, the other roused native resentment. A cloud of doubt overhung and still overhangs the relations of the islands to the United States; we have promised eventual independence and set no date for it; many Filipinos must feel like the snakes which St. Patrick shut up, promising to set them free "tomorrow," with each new day turning out to be merely another "today"! Governor Stimson offered no solution for the Philippine question. He went to the islands neither as liberal nor as imperialist. He refused even to discuss independence with the islanders, saying that the matter was not within his jurisdiction and must be decided by Congress. But he did cautiously reintroduce much of the freedom of party government which had disappeared under Wood. Maximo M. Kalaw has succinctly stated his policy: "The administration established by Governor Stimson lies midway between the Harrison and Wood régimes. The personal nature of the Wood régime gave way to a system which has attempted to approach a responsible type of government, with the administration becoming more and more responsive to the electorate and the Legislature. * * * A party Cabinet has been established. The Council of State has been enlarged to include the majority floor leaders of both houses of the Legislature so as to make it more representative." Some American residents on the islands

were not so well pleased as the Filipinos. They thought that Stimson's liberal régime had been too lax and that cormorant professional politicians, kept at bay by Wood's pro-consular sternness, had been permitted once more to feather their own nests. Whatever view be taken of Governor Stimson's service in the Philippines, it was too brief to leave a very lasting impress save, perhaps, in one respect. When the late Dwight Morrow went on his fruitful expedition to Mexico he said that, while he did not profess himself able to master all phases of the Mexican question, at all events he could like the Mexicans. In a similar spirit Governor Stimson made up his mind that he could like the Filipinos. He succeeded, and in doing so made them like him.

The Nicaraguan and Philippine assignments sufficiently recalled Colonel Stimson to popular memory that when President Hoover formed his Cabinet the press indulged in speculation as to whether he would receive the command, "Friend, come up higher!" Perhaps the post of War Secretary, which he had under Taft, would have seemed the most natural appointment, but his elevation to the Department of State was well received. Colonel Stimson had not had any particular association with the new President; he was not one of the "boy scouts," but a certain like-mindedness brought the two men together. Both were reticent, almost inarticulate; conservative in domestic politics and internationalist in world outlook; both had come into politics from the outside without mastering the arts of electioneering and party management. The two men have formed a good team. President Hoover did not treat Secretary Stimson as President Wilson did Bryan or Lansing, as a mere clerk to sign diplomatic correspondence embodying the Presidential policies; neither did he simply turn the State Department over to his secretary as President Harding did in the case of Hughes. There are several in-

dications that with a freer hand Secretary Stimson would have followed a slightly bolder foreign policy, but the difference would not have been great. Both Hoover and Stimson are kindly disposed toward the League of Nations and devoid of the parochial fears that trouble the Borahs and the Johnsons, but both are moderate men, inclined if anything toward over-caution, and they are well aware of the checks imposed by a reactionary Senate, a suspicious press and a largely indifferent public.

The steps thus far taken have been timid enough—a one-year moratorium on international war debts, a slight naval limitation, an "observer" at the League. Even if this Winter should add to them membership in the World Court, the United States will be still trailing in the rear of the international procession instead of boldly leading it. But our direction has changed; we are walking, however haltingly, toward the world and no longer away from it. It is for this right-about-face that President Hoover and Secretary Stimson may be longest remembered when their work is set down in the book of history.

In his new office Secretary Stimson was more than ever handicapped by his chief political defect, a lack of skill in handling the tools of publicity. It took him some time to establish effective relations with the press. Sometimes there has been bad "timing." A government fell in Brazil immediately after the United States had given its diplomatic backing against the rebels, and Stimson's critics sneered "Wrong-Horse Harry!" As a matter of fact, not only by diplomatic precedents established under President Wilson but by positive treaty obligations as well, the American Government had no right to follow any other course. But the explanation was so belated that it never caught up with the original rumor that the Department of State had been merely gambling in Brazilian politics and had "guessed wrong." In warning Soviet Russia out

of Manchuria the American Government received so sharp a snub from the Soviet Foreign Office that the substantial victory—Russia's altered attitude toward China—was effectively concealed. The London conference succeeded at the very point where diplomacy had previously broken down—the ratio of British and American cruiser strength. But the treaty was tepidly received; it was less dramatic than Secretary Hughes's coup at the Washington conference, and the fact that it provided for a limitation on future building rather than for the actual wholesale scrapping of existing tonnage disappointed the pacifists. Premier Laval's visit to the United States was so successfully "secret diplomacy" that both continents stood bewildered, vainly trying to piece a consistent story out of President Hoover's dry and reticent public statement and Secretary Stimson's franker and more detailed chat with the newspaper correspondents. An analysis of the situation seems to show, however, that there was not so much a divergence of policy between President and Secretary of State as a divergence of opinion as to how much should be told to the press.

In the Manchurian crisis Secretary Stimson was caught between two fires. To give any cooperation at all to the League of Nations was anathema to most of the politicians of his own party, but to withhold that cooperation would involve the risk that American policy in the Orient might run athwart the League policy and sink it, like ships that collide in a fog. With the support of the President, he chose the far-sighted course, risking the wrath of narrow-minded partisans who would rather witness a bloody war than share credit with the League for halting it. Whatever may be the fate of this particular tangle,

the step was the boldest taken by an American statesman since Wilson brought the covenant back from Paris. While it does not in any way commit the United States to union with the League, perhaps Senator Johnson is right in thinking that it did something almost as important. It established, and for the first time, the diplomatic precedent that the United States, the one nation outside the League powerful enough to block its action (for, Bernard Shaw to the contrary, the economic and political "weight" of the United States is that of six Russias), can be depended on for sympathy and support. By appealing to the Kellogg Peace Pact as an additional guarantee, Secretary Stimson achieved a threefold diplomatic triumph—he gave the United States, a non-League member but an adherent of the peace pact, a right to protest against Japan's occupation of Manchuria; he brought the pact and the League into touch as a common program for peace, instead of remaining two isolated and even rival programs; and he "implemented" the pact, giving it body and reality for the future. Whether immediate success crowns the venture or not is comparatively a minor matter. There are European problems ten times as dangerous to the general peace of the world as any conflict in the Far East, and it is the attitude of the United States toward Europe that will really determine the international politics of the next century.

But Secretary Stimson will not live to see the full ingathering of his crop. He will in a few years cease to be a public servant and again be his own master. Then, trudging the hills with a gun on his shoulder and a dog at his heels, he will be a happy country squire again with no more diplomatic nightmares to trouble his deep, ambitionless contentment.

Is the Tariff a Cause Of Depression?

By SUMNER H. SLICHTER

[The following article on the effect of tariffs upon the international economic structure presents a point of view in opposition to that put forward by Senator Reed Smoot in "Our Tariff and the Depression" which appeared in November CURRENT HISTORY. The author of this article is Professor of Business Economics at the Graduate School of Business Administration of Harvard University. He is also the author of a recently published study, *Modern Economic Society*.]

WHEN the Wiggin Committee of the Bank for International Settlements on Aug. 19 told the world that tariffs should be lowered, it was simply repeating advice which had been given many times during recent years. On April 21, 1931, a similar recommendation was made by General W. W. Atterbury, the former Republican National Committeeman from the protectionist stronghold of Pennsylvania. But the advice has been little heeded, in part because the man in the street does not clearly understand how and why rising tariffs have been undermining his prosperity. Tariffs, of course, are not the only reason why a large part of the world during the last two years was driven off the gold standard, why the harbors of Germany were congested during the Summer of 1931 with vessels that could not be unloaded because there was no means of payment or why wheat sold for the lowest price in several centuries. Nevertheless, the trade barriers that have been raised during recent years have had much to do with all these matters. They have been a major influ-

ence in making the world vulnerable to depression and in intensifying the slump when it came. Prosperity, it is safe to say, will not be established on a reasonably solid foundation until there have been substantial reductions in many tariffs.

In few periods in the world's history were tariff barriers raised more rapidly than in the years immediately preceding the present depression. Between 1925 and 1929, there were thirty-three general revisions or substantial tariff changes, nearly all increases, among the twenty-six countries of Europe, and seventeen among the twenty republics of Latin America. In 1927 and 1928 Australia, Canada and New Zealand made broad tariff revisions, generally upward. Several Asiatic countries achieved the right to make their own tariffs and promptly raised their duties—Siam in 1927, China and Persia in 1928. When prosperity collapsed, the increase in duties continued at an accelerated rate. The advance in the American tariff in June, 1930, was followed during the next eleven months by more or less general upward tariff revisions in twenty-five countries. In two principal ways these rising tariffs have undermined the world's prosperity—first, by misdirecting the investment of capital and thus prolonging and aggravating many maladjustments which had grown up during the war between the supply of commodities and the demand for them; second, by preventing trade from adjusting itself to the new international

debtor-creditor relationships created by the war and the peace treaties.

It is easy to see why rising tariffs have prolonged and accentuated many of the war-time maladjustments between supply and demand. When the world is divided by trade barriers, a new duty or an increase in an old one may lead an industry to expand behind the tariff, despite the fact that the demand for its output at a profitable price does not equal the productive capacity already in existence, but located in other countries. Maladjustments thus aggravated by tariffs did not directly precipitate the collapse of prosperity but they did weaken the economic position of many countries and reduce their ability to resist depression. Moreover, when the slump came, the prices of the over-produced commodities fell more precipitously than most prices, diminishing the purchasing power of many countries and causing the depression to go from bad to worse.

Sugar, cotton textiles and wheat furnish three conspicuous illustrations of these maladjustments. Before the war, Europe was an important producer of sugar. During the war her production fell by half, but this loss was offset by the expansion of output in Cuba, Java and elsewhere. Cuba almost doubled its production, as did Java and several South American countries. Nevertheless, at the end of the war, many European nations sought by high tariffs to restore the sugar-beet industry. The result was that Europe by 1927-28 was producing more sugar than before 1914. Even the United States, which had raised the duty in 1922, was producing nearly 40 per cent more than in 1913. It is not surprising that the industry was in difficulty several years before the depression and that recently the price of Cuban raw sugar sank to 1 cent a pound.

Because the supply of British and German textiles was limited during the war, a rapid growth of the industry resulted, particularly the cotton

branch, in the United States, Japan, India and South America. Although the end of the war found cotton manufacturing seriously overdeveloped, Bulgaria, Brazil, Czechoslovakia, Hungary, India, Rumania, Yugoslavia and other nations sought by tariffs to enlarge their production of cotton goods. In all these countries the industry has expanded rapidly. At the same time that this forced growth was taking place, cotton goods were experiencing severe competition from rayon and silk. Long before the general depression it was well known that the industry was in trouble. Even in the boom year of 1929 Great Britain's exports of cotton piece goods were scarcely half the pre-war volume, a decline which directly affected the British balance of trade. That fact, and the severe unemployment among the Lancashire cotton operatives and the resulting burden on the budget, have been among the many grave weaknesses in the British economic situation—weaknesses which eventually culminated in forcing Great Britain from the gold standard.

War and revolution eliminated Russian exports of wheat, stimulating wheat raising in the Argentine, Australia, Canada and the United States, with the result that the output of these countries between 1925 and 1929 averaged nearly 50 per cent above 1909-13. Furthermore, the output has been increased by power plowing and the combine harvester—a technological revolution scarcely less momentous than the McCormick reaper of the last century. In the face of the ever greater overproduction of wheat, some of the largest consumers, especially France, Italy and Germany, have been raising their duties. In November, 1927, France raised her duty to 37.4 cents a bushel; Italy, in July, 1925, imposed a rate of 39.4 cents, and in September, 1928, raised it to 57.7 cents; Germany, in 1925, restored a duty of 32.4 cents, and in July, 1929, raised it to 42.1 cents. Because tariffs, and export-control schemes also, stimulated the

production of wheat but retarded its movement into consumption, the amount in storage more than doubled between July, 1926, and July, 1929, until it attained the highest figure on record. During 1930 the price of wheat declined, but as it did so the duties in many countries were increased. By June, 1930, the duty in France, Italy and Germany was more than 80 cents a bushel. The extreme protection given to wheat by several important consuming countries meant that in the midst of a large and ever-growing supply these countries were encouraging their farmers to raise more wheat and were refusing to buy it, except in small quantities, from the rest of the world. Is it surprising that in December, 1930, in the face of large exports from Russia and of a bumper crop in the Argentine, the price in Liverpool broke to the lowest point in over three centuries? In the Summer of 1931 even this record was broken. The collapse in the price of wheat greatly accentuated the financial difficulties of Argentina, Australia, Canada, Eastern Europe and the United States and indirectly intensified the depression in other countries.

Few people realize how violent were the shifts in international debtor-creditor relationships produced by the war and the peace treaties. Within less than ten years the United States was changed from the largest debtor nation in the world to the second largest creditor nation and Germany from the second largest creditor nation to the largest debtor nation. In addition, there were great increases in the foreign obligations and great decreases in the foreign holdings of many European countries and substantial increases in the foreign debts throughout Latin America and Australasia.

Every one knows that in the long run interest and dividends on international investments must be paid in goods. Consequently, the new debtor-creditor relationships required extensive changes in the flow of goods be-

tween nations. For example, they required that Germany, which for many years had an excess of imports, suddenly develop a large excess of exports, and that the United States, which for fifty years had had an excess of exports, promptly develop a large excess of imports. But in a world of steadily rising trade barriers Germany has been unable to build up a large surplus of exports. Failure to obtain sufficient exchange from the sale of goods to pay reparations and interest on the foreign debt has kept credit in Germany scarce and interest rates high. High interest rates attracted enough money to Germany until 1931 to enable her to meet her old obligations by incurring new ones. Unfortunately, however, a large part of Germany's new credits were short-term funds. Naturally, this large short-term indebtedness placed Germany in an exceedingly vulnerable position. Any condition which threatened withdrawal of foreign funds produced a recession in German business, because it limited the ability of German enterprises to obtain credit with which to buy goods. Once a recession started, it was likely to go from bad to worse, because its very existence provoked further withdrawals of foreign funds and prevented the sale abroad of long-term German securities. This weakness in the German situation manifested itself in the Spring of 1929, when fear of the failure of the Young Plan negotiations created a flight from the mark; again, in the Fall of 1930, when the results of the elections caused another flight, and, finally, in the Summer of 1931, when even the moratorium failed to avert an acute financial crisis which paralyzed German business. Certainly the inability of Germany to develop a large export surplus must be regarded as a major factor in precipitating the depression in 1929 and in intensifying the depression in the Fall of 1930 and the Summer of 1931.

The high and ever-rising American tariff has prevented us from develop-

ing an excess of imports. Indeed, so high have been our duties that for many years over 95 per cent of the manufactured articles consumed in the United States have been domestic products. Not only were rates raised in 1921 and again in 1922, but whenever a commodity began to flow over the tariff wall in appreciable quantities the Tariff Commission was disposed to recommend that the President use his authority under the so-called "flexible" clause to increase the duty. Of the thirty-seven changes made in the rates of 1922 under this provision, thirty-two were increases. As a result, our excess of exports over imports, instead of shrinking, as our new position of a creditor nation required, actually grew from \$719,000,000 in 1922 to nearly \$842,000,000 in 1929.

This failure to develop an excess of imports caused no acute difficulty while loans abroad continued in sufficient volume. But the export surplus was bound to draw gold to the United States in large quantities if, for any reason, the purchase of foreign securities should be seriously curtailed. Trouble started in 1929, when speculation in stocks destroyed the American market for foreign bonds. Gold began to enter the United States in great volume—our net imports of gold in 1929 were about \$120,000,000—causing in other countries a credit stringency which was a major factor in precipitating the depression. The depression itself and the political unrest which accompanied it in many countries made American investors still more averse to foreign bonds and reduced the net American export of long-term capital in 1930 to one-third that of 1928. Consequently, when in 1930 one country after another was being forced off the gold standard, the United States, which already possessed a huge surplus of gold, drew about \$278,000,000 more from the rest of the world. The high tariff was not the only reason why by the end of

1930 Australia and most of the South American countries had definitely abandoned the gold standard. There were other important causes—excessive and unwise borrowing during the boom period, the inability of these countries to raise new loans, the collapse in the prices of wheat, wool, coffee, tin and other commodities. But the American tariff, by restricting the ability of the world to pay us with goods instead of gold, was a major factor in forcing a large part of the world off the gold standard and in accentuating the depreciation of many foreign currencies.

The depreciation of foreign currencies, in turn, has been a principal reason why the depression has been so much longer and more severe than any one anticipated. Depreciated currencies have made exports cheap in terms of foreign currencies and thus have increased the downward trend of world prices; in addition, foreign goods have become expensive to countries with depreciated currencies, and thus their ability to buy from the rest of the world has been reduced.

Especial attention should be given to the American tariff of June, 1930—an act of almost incredible economic folly. Unlike some recent foreign tariff changes, revision of our tariff was not needed either to protect our exchanges from depreciation or to guard our gold supplies from depletion. On the contrary, the tariff law was passed when we possessed approximately 40 per cent of the world's monetary gold and when, as has been said, we were attracting large additional amounts. During the boom which preceded the depression, many countries borrowed abroad on a large and even reckless scale. When prices collapsed, these countries experienced great difficulty in meeting their foreign obligations and were compelled, in order to conserve their gold supply and to limit the depreciation of their currencies, to restrict their imports and to control the export of gold.

Even six months before our tariff became law, Argentina, Australia and Brazil took extraordinary steps to control the export of gold. The desperate plight of many debtor countries plainly required that every possible aid should be given them to preserve their credit and to meet their obligations by selling goods rather than by exporting gold. This was desirable not only on account of the debtors themselves but of the world as a whole, since depreciation in some currencies tended to pull down the general price level and to intensify the depression throughout the world.

In the face of these facts Congress passed the Smoot-Hawley tariff. Duties were raised or new ones imposed on commodities whose import value in 1928 was \$1,133,000,000, while duties were removed or reduced on articles of import whose total value in 1928 was \$214,000,000. This amounted to a demand on our part that the world pay us less in goods and more in gold—despite the huge hoard which we already possessed, the weakness in many currencies and the dire need of debtor nations for a better opportunity to sell goods. Although the United States, after working for years to re-establish the gold standard throughout the world, did not deliberately seek to undo its work and to accentuate the depreciation of many currencies, such was the net result of our tariff. If the drastic decline in interest rates here and the premium on dollar exchange had not produced during 1930 a record-breaking export of short-term funds from the United States, our pull upon the world's gold supply would have been far more disastrous.

If prosperity is to be fully restored one of the things to be done is to stimulate the demand for labor and goods by reviving investment on a large scale. This, in turn, requires not only political stability in the countries which seek capital but also mode-

ration in tariffs—particularly those of the lending countries—in order that the flow of trade may adjust itself to the distribution of international investments and that nations may borrow without jeopardizing the stability of their currencies. Of particular importance is moderation in our own tariff policy.

Time was when the United States could practice extreme protection with no disastrous consequences to itself or the rest of the world. This is no longer possible. We are now the second largest creditor nation in the world; adherence to our traditional policy means that we shall attract gold in great volume and jeopardize the gold standard in many countries whenever we fail to lend abroad on a large scale. A few people mistakenly believe that our recent heavy gold losses indicate that our pull upon the world's gold supply has ceased. But these losses are only temporary and have been largely due to the conversion of foreign bank balances and bill holdings here into gold. The effect is to strengthen rather than to weaken our creditor position, which is the basis of our pull on the world's gold. Consequently, we must either develop an import balance or exert a disastrous attraction upon the world's gold supply whenever we fail to lend abroad on a large scale. Every depression is bound temporarily to diminish our lending; a continuation of our present tariff policy will mean that we shall intensify future depressions, as we have the present one, by attracting gold which the rest of the world can ill afford to lose and by menacing the stability of many weak currencies. In addition, we shall retard the revival of business, because the countries which have been forced off the gold standard or which have had the stability of their currencies seriously threatened, will, even after the revival is under way, not easily obtain credit to buy goods from the rest of the world.

The outlook for a general reduction in tariffs, either our own or of other countries, is not bright. The League of Nations has failed to effect even a temporary tariff truce. The best hope appears to lie in the method of reciprocal agreements—either bilateral, as in the case of the recent agreement between Australia and Canada, or possibly multilateral—by which reductions are given in exchange for reductions. The method is not without its difficulties and dangers. Duties may possibly be raised for bargaining purposes, while some concessions may be prevented because the most-favored-nation treaties require that a concession to one country be extended to all countries enjoying most-favored-nation treatment. The method, however, has the important advantage of offering nations which are willing to open their doors an opportunity to have doors opened to them in return. On at least two occasions—after the Cobden-Chevalier treaty in 1860 and the Caprivi treaties in the early '90s—reciprocal agreements have led to substantial reductions in the world's tariffs.

Of the three leading industrial nations the United States is best able to initiate a movement to reduce tariffs by agreement. Great Britain, absorbed by her present emergency, is turning, for the time being at least, in the direction of protection. Germany can do little, because France more than once has made it plain that she will use her political and financial power to veto attempts by Germany to se-

cure markets through lower tariffs. Is there any prospect that the United States will abandon its philosophy of extreme protectionism? Perhaps it is unreasonable to expect most voters to see the connection between commercial policies and their pocketbooks. Our tariff policy, however, has been molded, in the main, not by the masses of the voters but by a relatively small number of business leaders. Is it unreasonable to expect these men to perceive that extreme protection practiced by a large creditor nation works very differently from the same policy pursued by a debtor nation? Sooner or later are they not bound to see that prosperity for the United States and the rest of the world will not be promoted by our hoarding gold and threatening our debtors with ruin whenever there is a general depression? If and when business men understand this, we may expect many of our politicians to abandon their support of extreme protection and become the champions of moderate duties.

How long will business men require to discover the effects of our present policy? This is a question of great practical importance. Will the experience of the present depression be sufficient? Or must we have another object lesson in the interdependence of nations, must we go through another depression, intensified and prolonged by our pull on the world's gold supply, before our business leaders realize that we cannot add to the world's disaster without inflicting injury upon ourselves?

Flaws in the Hoover Economic Plan

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FOR more than two years the United States has been experiencing an unparalleled industrial depression and a financial strain which at times has approached the nature of a panic. In October, 1931, the Federal Government finally, and perhaps somewhat reluctantly, took steps which together comprise a general program for alleviating the nation's economic difficulties.

What are the origins of the present depression? Views and interpretations differ widely. The writers of the present article believe that in certain fundamental economic conditions during the years immediately preceding 1929 will be found the core of our present unhappy state.

The years between 1922 and 1929, which might well be called a period of expansion rather than of prosperity, were characterized by numerous amazing changes in industrial technology. Mechanized processes in this period achieved something like the cumulation of forty years of thought and practice; scientific management became less a theory and much more a reality, and the ensuing developments were spoken of as a second industrial revolution by entirely unsensational observers. The rapid falling costs of operation which

resulted were reflected in a tremendous increase in output per man-hour and in an enormous increase of capacity in nearly all industries. Productivity per wage earner increased 53.5 per cent between 1919 and 1927, and output per man-hour increased even more, since hours of labor were falling. Unit prime costs in manufacturing fell 24.5 per cent between 1919 and 1925.

Prices, however, were not reduced as rapidly as costs. Wholesale prices, after recovering in 1921 and 1922 some of the ground lost in the trough of 1921, appeared to stabilize roughly at a new level. The tendency, if any, was in the direction of a slight fall between 1922 and 1929. F. C. Mills, in *Recent Economic Changes*, shows that wholesale prices declined between 1922 and 1927 at the average annual rate of 1.8 per cent, while the cost of living (which reflects retail prices) increased at the average annual rate of 0.7 per cent.

Price behavior during this period was "abnormal" for a time of business expansion. The most widely accepted doctrines of the business cycle have always emphasized the fact that expansion or "prosperity" is associated with a rising price level. That it was not true in the years 1922-1929 throws some light on the peculiar characteristics of that period and the confusing attitudes of business leaders. We heard of "profitless prosperity," a phrase which reflected naïve concern over falling prices, but which did

*In writing this article, which was completed before the opening of Congress on Dec. 7, Professor Tugwell had as collaborators A. T. Cutler and G. S. Mitchell, both of the Department of Economics of Columbia University.

not take account of falling costs. It was not a "profitless" prosperity in spite of declining prices. We can now see that profits were rising and we no longer wonder that prices did not rise. On the contrary, some extraordinary mechanisms were invented to prevent a greater decline than occurred. In spite, then, of some decline in prices, costs continued to fall more rapidly. F. C. Mills estimates that between 1923 and 1927 the average annual rate of increase in the profits of industrial corporations was 9 per cent. This includes the less as well as the more prosperous corporations.

What became of the profits which emerged from the widening angle between costs and prices? A corporation which found itself possessed of handsome profits had the choice of several methods of disposing of them. It could pay them out as dividends to stockholders. But many corporations earned much more than enough to meet the high dividend requirements of these years and so had a surplus on hand. A corporation could expand its plant by using for extensions and improvements profits not distributed as dividends. It is believed that this process of "plowing back earnings" occurred on an unprecedented scale during the period. Or profits not used in either of these ways could be transferred to the rather modern account called "surplus reserves."

The sudden prominence of this item on the balance sheets of corporations was probably associated with the spread of interest in the business cycle from the universities to the market place. Corporation officers were eager to protect themselves against a possible recurrence of the troubles of 1921. How could such an eventuality be guarded against? It is not current practice to store gold bars in a warehouse. Reserves had to be employed—and profitably. Their use was to some extent guided directly by the banks. Many corporations carried heavy balances, and in these cases the banks

disposed of the funds in the ordinary way. Another method was to buy the securities of other corporations. This business of taking in each other's washing was carried to lengths which even now is scarcely realized. Still another use for the surplus reserves was found in the open money market, either directly or through the mediation of banks. The more prosperous corporations poured out billions of dollars in loans to Stock Exchange speculators. This goes far, in fact, to explain the prolongation of the famous bull market. Finally, the profits could be used for lending abroad. Investment opportunities in Europe and in less developed areas were exploited to the full by bankers, who, as we can now see, had a clearer view of their commissions than of the ultimate safety of their clients' funds.

The effect of all these forms of profit distribution was to increase production and to inflate capital values. But it took no account of ways and means to enable the newly produced goods to be consumed. Not enough of the earnings of industry found their way into the pockets of the masses, who constitute the principal market for the products of the machine.

This effect, however, was ultimate rather than immediate, perhaps even delaying the depression of 1929. Funds passed to reserve accounts would result at first in increased industrial activity. Factories would run on funds lent by banks or obtained through selling securities; payrolls would be enlarged and goods would flow—into warehouses. But they could not emerge and be consumed unless there was sufficient purchasing power. Steadily attrition set in—an unbalancing process which added to productive capacity but not to the power to consume. Ultimately this created intolerable stresses, until a gradual blockade in the flow of goods caused in the Spring of 1929 what seemed to be a sudden failure of demand.

It is conceivable, of course, that the

necessary purchasing power could have been diverted to the consumers. Were wages, for instance, rising sufficiently to absorb the products of industry in the face of the disposal of funds already described? The period was marked by lengthy discussions of the new prosperity of the American worker and of the doctrine that high wages made for business success, but available facts indicate that in this connection wage increases were of negligible importance. The following table shows average hourly earnings in manufacturing industries as compiled by the National Industrial Conference Board—the figures for agriculture and for mining industries would be less favorable:

1920.....	\$.61	1924.....	\$.56
1921.....	.52	1925.....	.56
1922.....	.49	1926.....	.56
1923.....	.54	1927.....	.57

That the "high wages" philosophy was more honored in the breach than the observance, should not be surprising. It was undoubtedly to the advantage of each employer that the others should keep wages high, but the immediate gain from paying high wages to one's own workers was not so clear, since at best they constituted the market for a small fraction of the output, while the payroll constituted a major expense. Furthermore, an unfavorable factor of considerable importance was offsetting any wage increases that may have taken place—"technological unemployment." The appearance of new industries or other means of readjustment did not provide for the re-employment of men thrown out of work with sufficient rapidity to prevent the increase of unemployment, even in lush times. Manufacturing industries as a whole showed an actual decline in the volume of employment during the period of "prosperity." Aggregate factory payrolls were barely holding their own.

Besides the relative decline in consumers' purchasing power traceable

to these influences the acute distress of the farmers throughout the same period must be considered. That the farmers provide an important market for industrial products is attested by the rôle which "farm relief" played in the politics of the 1920s. Why the farmers did not receive a larger share of the nation's income is a problem we need not discuss now, but the decline in their power to command goods is all too obvious.

Business leaders, confronted by a growing but unwelcome discrepancy between production and purchasing power, resorted to many remarkable devices to stiffen a sagging market. First came an expansion and elaboration of advertising, in the hope of forcing sales on a reluctant public. Another plan was instalment selling. Manufacturers, especially of motors, radios and washing-machines, said in effect to consumers, "Buy now, even if you cannot pay now. Pay later." Sales resulted, but a day of reckoning was to come which consumers could meet only if they had larger incomes. Goods might be sold to foreigners, but export trade, too, was based on credit. Net sales to foreigners during the period were almost exactly balanced by net loans to them. And at the present moment foreign assets appear to be as solidly frozen as many domestic ones.

The accumulated effect of these factors and the absence of strong counteracting forces were sure to produce eventually inadequate consumer purchasing power. As the event showed, the lack of demand became manifest in the Spring of 1929, before the stock market collapse of October. The market for industrial products was slipping—the only possible result of a growing divergence between costs and prices, culminating in profits which, in turn, were distributed in channels of production and speculation rather than final consumption. After the Wall Street avalanche of October, 1929, economic depression became increasingly apparent, and

during the past two years the depression has continued to spread and deepen.

By September, 1931, an extremely precarious banking situation was added to the depression of industry with its accompanying unemployment. Bank failures throughout the country had been increasing for years. New complaints concerning the extent of frozen assets were heard. Furthermore, the hoarding of gold and currency by the general public—"a silent run" on all the banks of the country—had begun to threaten the entire banking system. On Oct. 7, 1931, financial statistics indicated that "cash in circulation" had increased \$750,000,000 during the year ending Sept. 30, 1930, in spite of the drop in trade. Public hoarding was estimated to amount at that time to \$1,000,000,000.

On the morning of Oct. 7 the newspapers announced President Hoover's six-point plan for the relief of the financial situation. Three of his proposals were concerned with new financial machinery, including a promised revival of the War Finance Corporation. Two of them touched the Federal Reserve System, proposing that the Federal Reserve lend aid to banks already closed, and that Congress be recommended to broaden the eligibility provisions of the Federal Reserve act. The sixth point dealt with the Federal Land Banks, suggesting further Federal subscription to their capital stock.

The most important of the six proposals was that for a new bank pool. A national credit corporation was to be formed to which all banks of the country were urged to subscribe to the extent of 2 per cent of their deposits. The Clearing House banks of New York City, it was announced, had already pledged their share of the subscription. The purpose of the new corporation was to make liquid or "thaw out" the frozen, though sound, assets which were clogging the banking system. It was expected that at least \$500,000,000 would be sub-

scribed and that the subscribing banks would receive debentures issued by the new corporation. Later, when the charter of the corporation was obtained, authorization for an issue of \$1,000,000,000 in debentures was given.

President Hoover apparently had at least two other major credit plans in mind. Early in October there were indications that a scheme was in the making for the rescue of railroad bonds. The details of this plan have not yet been announced, possibly because the recent rate decision of the Interstate Commerce Commission included a program looking toward partial railroad relief. The other major credit plan, relating to the general field of building-and-loan and real estate operations, was announced on Nov. 14. Twelve home loan discount banks, one in each Federal Reserve district, were to be established under the control of a government board. It was hoped that in this way life would be injected into stagnant mortgage loans on dwellings and farms used for home purposes.

All these measures constitute a plan for checking liquidation and stimulating economic recovery. Through them all runs the theme of "restoring confidence." All apparently are intended to support values which have presumably declined too far.

No steps so important to the economic life of the country as those of the Fall of 1931 could have been taken without some hypothesis, however vague, concerning the origins of our economic difficulties. Although Mr. Hoover has nowhere developed a formal and coherent theory, he has in various statements furnished suggestions; for instance, on Oct. 7, when his first credit plans were announced: "We have met with great difficulties not of our own making. It requires determination to overcome these difficulties and above all to restore and maintain confidence." Again, after one of the conferences with Premier Laval, President Hoover stated: "I have on some occasions stated that

the world is suffering more from frozen confidence than from frozen securities."

The administration's theory of our economic difficulties probably runs much more in terms of European disturbances than of American shortcomings. Granting that speculation ran too high and too long in 1928-29, and that our agriculture has not been prosperous, still the American economy was and is "fundamentally sound." The real blows came from abroad. Political uncertainty in Germany and Austria led to withdrawals of short-term credits in those countries. As the withdrawals took place through London and the bankers there unwisely attempted to stabilize other national currencies while at the same time not forgetting usurious interest, an attack on the pound resulted, forcing Great Britain off the gold standard. Uncertainty spread throughout Europe, ruining our foreign trade and making uncertain both the collection of interest and the principal of the debts owed to us. Thus Mr. Hoover's plan apparently is to calm the debtor countries by a moratorium, to scale down reparations and public debts and to work for currency stability through collaboration with France, which, with the United States, controls three-fifths of the world's gold. Confidence restored, debtors and creditors alike may resume progress.

In the light of the remedies begun and proposed for our own domestic troubles the administration's view seems to be that fear has threatened the American banking structure by driving down the values of stocks, bonds and mortgages held by the banks—values which reflect expected future income, which in turn depends upon prices. But the decline in prices, itself exaggerated, warrants no such drop in security values as has taken place; support here will at any rate preserve the banking structure intact, and the marshaling of credit behind industry, agriculture, the railroads

and the banks may relieve uncertainty, stop the decline in price levels and restore opportunities for profitable operation of business. Such is the administration's approach to the problem.

But is this the proper program for mitigating the nation's internal difficulties? Obviously, in some manner or other there should be further deflation of retail prices and attempts to raise the income of that part of the population which spends its money on ultimate goods and services. The first process involves a revaluation of capital goods, including farms; and the second, the maintenance or increase of wage earnings and the spread of a part of the nation's reserve of profits and credit among consumers—perhaps through mass employment on public works or by compensation for unemployment.

Lower prices necessitate a decline in the values of stocks, bonds and mortgages, because those values represent the capitalization of prospective earnings from industrial and land holdings. Such a movement in capital values has been haltingly under way since the beginning of the depression. It has been fought step by step by producers and by banks. The Farm Board and Farm Loan Banks have assisted agriculture in this policy, and many industrialists have doubtless sacrificed volume of sales to maintain nominal prices. Yet if lower prices are needed to match diminished purchasing power, an accompanying decline of capital values would seem to be required.

Such a program of lower prices and security values, with wider distribution of consuming power, cannot be fitted into the credit policy of the administration. The Hoover program foreshadows a reversal of the downward trend of security and commodity prices, and is of no assistance at all in increasing the incomes of employed and unemployed consumers. It is true, of course, that some income for the unemployed should be derived from

that charitable form of relief embodied in the Emergency Unemployment Relief Committee, but this relief is drawn partly from the wage earners themselves. In any event the bulk of unemployment relief will come, as it did last Winter, from municipal governments which raise funds by taxing, directly or indirectly, the rank and file of citizens.

The whole administration program is aimed directly at supporting present values. The National Credit Corporation is to extend to threatened banks the opportunity to liquefy frozen assets; even the psychological effect of its announcement was counted on to stop the precipitous decline in quotations for these assets. If any considerable amount of them should be taken over by the corporation, and confidence failed to develop, lower quotations for such securities might freeze the assets of the corporation, though this would depend on the percentage loans bore to values.

To be safe, a credit pool must be conservative; to be effective it must be generous. To judge from recent pronouncements, the policy of the government in case of difficulty would be to support the corporation with further credit, either drafted from the banks or injected by the treasury. A similar program seems probable to support railroad security values by an indirect use of government credit. For agriculture, credit is to be augmented by government subscription to the Federal Land Banks, thus bolstering agricultural banks whose mortgage holdings, if liquidated, would fail by a wide margin to cover their loans. The whole policy is calculated to save the banks—agricultural, commercial and investment—which are holding paper at valuations representing capitalized incomes far above those obtainable at present price levels.

One instance of the entry of government credit into the banking structure is Secretary Mellon's announcement at the time the National Credit Corporation was being formed, that

the debentures of this new body would be "acceptable as collateral against treasury deposits in depositary banks." The United States Treasury, like ordinary citizens, keeps deposits in certain qualified banks but, unlike ordinary depositors, the treasury requires that the bank guarantee its account by putting up collateral in the form of government bonds or other specified gilt-edged assets. These bonds may be taken over by the government in case the bank fails. But, according to the new dispensation, debentures of the National Credit Corporation may be used as the required collateral. This, in effect, unlocks an equivalent amount of government bonds for use in the banking system, and, at the same time, leaves the treasury guarantees in the form of debentures, which, in the last analysis, may be worth only as much as the frozen assets in the portfolio of the National Credit Corporation. The situation is not as serious as it seems, because treasury deposits in the banks amounted only to about \$250,000,000 on Dec. 31, 1930. This sum is not large when compared with the \$9,000,000,000 in government bonds which are now held by the banking system as a whole. The treasury's announcement, however, contemplates a link between government credit and the banking system which may lead to further commitments.

John M. Miller Jr., a director of the National Credit Corporation from the Fifth Federal Reserve district, announced on Nov. 10 that, as the Secretary of the Treasury would accept the notes of the corporation as collateral for public deposits, it was hoped and believed that Congress would make these notes eligible as security for postal savings. He also stated that the various States, counties and municipalities may be expected to accept the notes as security for public funds.

In the latest credit plan, that calling for the establishment of twelve home-loan banks to discount home-building assets, there exists a similar link be-

tween government and private credit. In section "g" of Mr. Hoover's statement of Nov. 13, recommending the setting up of these new banks, the following sentence occurs: "These bonds [issued by the new banks are] to be acceptable for security for government and postal deposits." A further item reads: "If the initial capital is not wholly thus provided [i. e. by private subscription], it should be subscribed by the Federal Government." The camel's nose would seem to be getting well within the tent. Mr. Hoover, who has always described himself as one who believes "that government is best which governs least," is now in process of pushing the government into the banking business. At the very least his program may be described as government "bank relief." We are confronted with the prospect of a government holding a bag which may turn out to be empty. Should the National Credit Corporation find that its assets continued to remain frozen, the government, if it is to carry through its present policy, would be driven inevitably to relieve the corporation's straits through some direct or indirect extension of credit, an arrangement which would involve the whole financial system still more deeply with the structure of frozen credits.

Apparently the administration expects its credit policy to reassure the banks and industry and to enable industry, no longer swayed by fear, to resume production. It is not unlikely that such a spurt in business is at hand. Possibly the administration intends to work for an easing of prices and capital values once the immediate banking crisis has been relieved. It remains to be seen what use will be made of the breathing spell which the President has achieved. If reassurance brings encouragement to production, and the banks release credit for that purpose, goods thus produced will have to be sold at prices which

shall protect capital at present valuations. Yet it does not seem possible for goods so priced to be consumed in large quantities. If stocks of goods are increased in this manner, and consumers' purchasing power is insufficient to support remunerative prices for them, we are faced with a deepening of the depression and a still lower set of market quotations for securities. If, on the other hand, business activity receives no stimulus, it seems inevitable that the low level of earnings will drive the prices of manufactured goods further down.

These weeks and months of depression are rapidly and inevitably weaving governmental controls into the American economy. The decisions taken now are crucial. Consider the possible results of the present program of extended credits. If these should involve the national finances deeply, and should this present analysis be at all accurate, the government would have in effect a deed of trust on an overvalued agricultural and industrial system. If interest were to be earned, close supervision and better management than has yet been found would be called for; out of such a development one may imagine what pictures of government in business one pleases; none of them would conform to Mr. Hoover's frequently expressed horror of governmental interference. On the other hand, should the government reverse itself, and withhold further support, the failure of many banks, perhaps most banks, would seem unavoidable. Furthermore, we have no guarantee that even then prices and purchasing power would find an equilibrium on which the industrial order of, say, 1925 could be reconstructed. It is conceivable, again, that firm yet delicate steering might escape the dilemma, after the financial crisis is arrested with new credits, by steadily forcing prices, security values and consumer purchasing power into balanced relationship.

Who Are the German Fascists?

By GERHARD FRITERS

[The writer of this article, a graduate of the University of Berlin, has made special studies of the German Fascist movement, and also of the German Social Democratic party. He is at present in America, working under the Faculty of Political Science at Columbia University.]

THAT Adolf Hitler and his National Socialist Workers party (the Nazis) are a growing power in Germany is now beyond all doubt. The opponents of these German Fascists see in them a dire threat to democracy; their supporters laud them as the sole hope of a badly disorganized nation. The whole world fears that if the Hitlerites attain the control for which they are striving, such peace and stability as Europe now enjoys may be seriously disturbed, for the treaty of Versailles is to the Nazis a document which has established an intolerable state of affairs in the Reich, and, come what may, must be altered.

Where has Hitler obtained his great following? From what elements in the German population have come those millions of votes which apparently make imminent the overthrow of the present government and the establishment of a dictatorship along Fascist lines? The party has not always been powerful. In 1923 an attempted Nazi *putsch* in Munich met with little response in other parts of the country. The 2,000,000 votes polled in the elections of May, 1924, dropped to fewer than 1,000,000 later that year, and by 1928 the Hitlerites seemed to be even less formidable. Their campaigns at first were based largely upon an appeal to anti-Jewish sentiment, and the

movement appeared to be but a revival of the ephemeral anti-Semitism of the previous generation—of no significance in the solution of the burning problems of the day. Early in 1930, however, a fundamental change took place in party policy, and local elections in the Spring revealed a greatly augmented constituency. The general election of Sept. 14, 1930, increased Nazi representation in the Reichstag from 12 to 107, making the National Socialists the second most powerful group in German politics. Today Hitler claims that his party would win 200 seats were a general election to be held, and in the light of local polling during recent months his statement is not merely a boast. Whence this power and increasing strength?

The answer lies in the fact that Hitlerism is the expression of a middle-class revolt, that the Nazis voice the grievances of a growing body of discontent. Until recently political struggle in the Reich was waged between two classes—the bourgeoisie and the proletariat, as Marx believed inevitable. Since the war, however, Germany, the most highly industrialized country in Europe, has gradually grown more complicated in its social structure. Increasing mechanization and rationalized production have steadily reduced the number of workers in industry, but at the same time they have steadily increased the number of white-collar workers—office employees and the like—at a rate two and a half times as great as that of factory workers. The unemployment resulting from the present depression has severely affected the

submerged class, of course, and they have hastened to support the Social Democrats and the Communists. But no less affected and discontented are those belonging to the office employe class, and the champion to whom they have turned for succor is the Nazi party.

Among the white-collar workers salaries are very low and the prospects of advancement poor. Male office employes receive on an average \$63.57 a month, with 50 per cent of them earning less than \$59.52. For female employes the average is \$37.38 a month, with 54 per cent receiving less than \$35.70 and only about 7½ per cent more than \$59.52. This no doubt explains why women office workers constitute more than half of Hitler's supporters. There is, moreover, a sharp difference between salaries of old and young. A young clerk receives only a half or a third of what is paid to an older person, and the constant tendency is to replace the seniors with younger men and women as soon as the age of 45 is reached. Even the ordinary laborer as a rule earns more than the trained office worker, and the income of the skilled workman is sometimes twice that of the young clerk.

Of the 3,500,000 white-collar employes, of whom about a third are women, 3,000,000 are, in terms of living standards, forced into the proletariat. Yet they refuse to join the working class, and regard it as their opponent in the social struggle and a threat to their future. Former army officers, soldiers' widows and retired shopkeepers and tradesmen, who constitute a considerable proportion of the white-collar class, are especially unwilling to acknowledge a common interest with the proletariat. The story of Hitler's life, as revealed in his autobiography, *My Struggle*, illustrates this attitude. Hitler was the son of a customs inspector, went to high school and intended to become a master builder. Forced by financial difficulties to work as a laborer and

draftsman, he came into contact with militant working class revolt, but disapproved of its aims and methods and refused to associate himself with the movement.

Included in the middle class who support the Nazi program are merchants, artisans and minor capitalists who, in this period of monopolization of all fields of economic activity by large enterprises, are being rapidly deprived of their independent economic position. Unorganized petty retailers find their margin of profit greatly reduced and capital and credit obtainable only in small amounts and upon onerous terms. Their social resistance is, of course, marshaled against the great capitalistic business combines, although obviously the latter are not their enemies in the sense that they are the workers' enemies. Such anti-Jewish sentiment as flourishes in the Hitler party is welcome to these bourgeois for economic reasons, because Germany's 500,000 Jews are not laborers but lawyers, physicians, bankers, merchants and tradesmen who offer strenuous competition in these fields of professional and business activity.

The National Socialists also reflect the woes and ambitions of the German farmers who are staggering under debts which totaled nearly \$3,000,000,000 in June, 1931. Never sympathetic toward town dwellers, the small agriculturalists find the Marxian concept of socialism opposed to their own concept of private property and so have cast their lot not with the workers but with the movement of the white-collar classes.

The most active part in militant Hitlerism is played by the *Sturmabteilungen*, the party's military organization, which is intended not only to protect and further the interests of the party but also to serve as an equivalent of the former national army. Its members come from the generation born for the most part in the years between 1904 and 1912. Many of these "terrorist" soldiers are

university students, young men from middle-class families who want to rise in the world. Post-war Germany has 60 per cent more university students today than in 1914—more than its industry and business can absorb. Some 30,000 recent graduates are still unemployed, and the chances are that in a year or two this number will rise to 130,000. Small wonder that these students are eager to support a program which promises the overturn of a system so unkind to their own future! That they do not lend their aid to the radical parties is in some small part due to their feeling against the new system of "worker-students," by which young men who have been laborers attend a university after completing a course in a special preparatory school. Since the economic competition offered by these newcomers to the bourgeois students amounts to little, for they make up an insignificant fraction of the German university body, the middle-class animus is no doubt principally attributable to a sentimental dislike of those who would rise into a more privileged atmosphere.

The Hitler movement, it will be remembered, calls itself the National Socialist Workers' party. The majority of German workmen are associated with the Left, however, and will have even less to do with the Nazis than they will with avowedly upper-class factions. A percentage analysis of the votes cast in 1930 in three highly differentiated quarters of Berlin is illuminating in this respect:

	Wedding (Working Class.)	Steglitz (White Collar.)	Zehlendorf (Upper Class.)
Nazis	8.9	25.8	17.7
Bourgeois Right	9.8	19.6	26.5
Bourgeois Left..	9.4	23.5	27.5
Social Democrats	28.0	18.4	19.7
Communists ...	43.0	11.6	7.4

When these percentages are compared with those from other great German cities it becomes evident that the working class has little sympathy for Hitler and his ambitions.

Nevertheless, the Nazis attempt to

spread their doctrine among the working class. They have taken the red flag as their banner—with the significant addition of a swastika. They sing Socialist songs, such as the *Internationale*, but with different words. They would like, indeed, to recruit workers for the *Sturmabteilungen*, at present composed largely of middle-class elements. When it comes to supporting labor in its organized protests, Hitlerism is forced to hedge, and no clear-cut doctrine may be set down. At certain times participation in strikes is advocated, openly or surreptitiously; at others the Nazis assume a less definite attitude and attempt to explain their alliance against the capitalists. For example, a Hitlerite spokesman declared about a year ago in connection with a strike of Berlin metal workers that it was not possible for the party to forbid participation in the uprising, for, were that done, those workers who were supporters of Hitlerism would desert to the Socialists. The Hamburg dock strike in November, 1931, revealed the same ambiguous tactics. But, underlying all, the Hitler party believes in destroying the "Marxian fortresses within the factories," the "fortresses" being the Socialist trade unions with their millions of members. An unsuccessful attempt has been made to obtain control of these unions; only one has been won over, and that—most significantly—the German Nationalist Union of Commercial Clerks, which has always been more or less a nationalistic middle-class organization, as its name indicates.

Nazi appeals to labor have not been altogether fruitless, however, and between 10 and 15 per cent of their support comes from the labor ranks. Most of these adherents are young men; the older workers who have joined the Hitlerites have done so for negative reasons—because of their disgust with the policy of "toleration" of the Social Democrats toward the Brüning Government, or on account of their dissatisfaction with the inability

of the Communists to adapt themselves to German conditions. The young Nazi laborers, mostly unmarried men under the age of 26, since they have been working for only a short time, or have never been able to find employment, are those who have not been subjected to the influence of Left propaganda and have not developed the class-consciousness which breeds in the factories. Others have no doubt been attracted by the promise of work; the Nazi slogan in these days of unemployment is, "Every available job belongs to a Nazi," and a secret agency to procure places for party members has been organized.

That Hitlerism promises work to its supporters, and often is able to keep its word, is due to its connection with capitalists and employers. Strange as it may seem, the chief support of the faction which calls itself a labor party comes from the industrial magnates, those very persons against whom one of the principal shafts of the Nazi quiver—the socialization of all industry—is apparently directed. Alfred Hugenberg, one of the wealthiest men in Germany today, has contributed liberally to the party coffers, and it is said that a prime factor in the spread of Hitlerism is its ability to spend money when and where necessary. Present in person—or at least by proxy—at the great Nazi meeting at Bad Harzburg in October, 1931, were many of Germany's leading industrialists—mining was represented by Poensgen, Schlenker and Sogemar; shipbuilding by Blohm and Gok; metals by Ravene and Rohde.

The explanation is probably that German capitalism is choosing what to it is the lesser evil—fascism in preference to communism. The anti-capitalistic professions of the Nazis are regarded by some observers as a first step toward socialism and communism, but others consider that the avowed ultimate aim of "deindustrialization and agrarization of the German

people" does not carry any such radical implications, and that the complexity of modern economics would quickly force a Fascist dictatorship to recognize that its social principles were too utopian to admit of success. For that matter, Gottfried Feder, economic expert of the National Socialists, has pointed out that the proposed socialization would not affect "the real creators of our heavy industry—the Krupps, Kirdorfs, Thyssens, Mannesmanns and Siemenses." Thyssen and Siemens, representing iron and coal interests, feel that through the installation of a Fascist government a 20 per cent wage cut could be effected.

Although the leader of the *Reichsverband der deutschen Industrie* (German National Industrial Union)—Duisberg of the dye industry—directs the influence of his mighty trust in support of the Bruening Government, German industry tends to champion Hitler and his program. The reactionary force of the Hohenzollern princes is also behind this Fascist movement, lending its authority to that strange blend of the old and the new which is gradually taking the place of the former Right Wing in the political battle which has so long raged throughout the Reich. Conservative Germany realizes more and more that for the first time in the history of socialism the anti-capitalistic elements are ranged against the Socialists themselves, and that it must work aggressively to prevent that alliance between the petty bourgeoisie and the working class which, once formed, would threaten its very existence. As the depression deepens, German industry and privilege find it more and more difficult to steer a middle course—and Hitler becomes their logical choice.

The history of the French and German revolutions shows that two social classes, quite divergent in their aims, may combine to conquer the common enemy. The industrial leaders today of course desire first of all such stability as will insure the safety of their

own interests; the Fascists, on the other hand, seek to transfer to themselves the power which will permit them to direct the future of the nation as they see fit. The transfer is to be accomplished by legal means, they assert, and in this attitude they somewhat appease their capitalistic allies. But the tedious process of amassing votes and supporters is much less satisfying to certain of the Nazis than a deliberate *coup d'état* would be; the *Sturmabteilungen* have occasionally been infected with a rash of radical sentiment, and the more socialistic and revolutionary leaders in Northern Germany, Strasser and Goebbels, have not always been in sympathy with the procedure of the cautious Hitler in the south.

The Nazi party has only 700,000 members, although it polled over 6,000,000 votes at the last elections. As evidence has shown, it is not representative of any one class or any one religion; its program is often confused and contradictory and its cause is the cause of no definite social interest. It is, on paper, numerically weak when compared to the Social-Democratic party, with its 1,000,000 party members and its trade unions made up of 5,000,000 workers. To be sure, the Communist party has but 150,000 members and received only 4,000,000 votes in the recent elections; on the

other hand, it is the representative of a single class, one bound together by social consciousness and by trade and sporting organizations.

The real strength of the National Socialist Workers party is in its youth and enthusiasm. The clerks and other white-collar workers who make up its rank and file are not passive to the pauperization which is pressing down upon them. They are experiencing conditions to which they are not accustomed, and are lending themselves whole-heartedly to the political combination which promises best to ameliorate their lot. The working class is not so easily goaded on by the same or even a greater degree of pauperization; it is an old story to them. It should also be remembered that their voting strength has reached its limit and that their relative strength in the total German population is decreasing. That the Nazi party possesses great reserves was proved in 1930, when a large number of the 10,000,000 non-voters of 1928 rallied to support it. That those 7,000,000 who did not vote even in 1930 will become more and more politically conscious with the aggravation of the economic depression is Hitler's great hope for the future; they are the strength he dreams of mustering as he continues his campaign for the mastery of the German Republic.

British Labor's Reaction To Defeat

By SIDNEY WEBB (LORD PASSFIELD)

[A member of both the Labor Cabinets headed by Prime Minister Ramsay MacDonald, the writer of this article surveys anew the recent British crisis, not only from the standpoint of one who took part in it, but also in the light of a long and intimate association with Mr. MacDonald. Sidney Webb (as he still prefers to be known, although created a peer with the title of Lord Passfield in 1929), will be 73 years of age on July 13 next. He has been conspicuous as an exponent of Fabian Socialism and a leader of the British Labor party, is author of many notable works on economic and political questions, and has been chairman of the London School of Economics and Political Science, University of London, as well as a professor on its faculty.]

THE nine weeks ended on Oct. 28, 1931, have witnessed one of most remarkable happenings in all British political history. The sudden fall of the Labor Government; the instant formation, overnight, of a new National Government under the same Prime Minister, purporting to contain within itself all three political parties; and, finally, at the earliest practicable date, a hurried general election, in which an unprecedented combination of 69 per cent of the voters elected all but 9 per cent of the entire House of Commons, thus replacing Parliamentary government by what is in effect a party dictatorship—all this constituted a single drama which unfolded within sixty-three days and the development of which was foreseen, it is safe to say, only by the statesman who was at once its author, its producer and its principal actor. Why did Mr. Ramsay MacDonald, after

thirty years' upbuilding of the British Labor party, decide to do his best to smash it, going over with a couple of his principal colleagues and a mere handful of his party, to a coalition of Conservatives and Liberals?

It is unnecessary to dwell on the continual difficulties that have beset the British, like most other European governments, since the peace treaties of 1919—the constant international complications involved alike in reparations and in armaments, the worldwide industrial depression, the catastrophic collapse of prices, the ever-present misery of chronic unemployment, the universal colossal taxation which has failed to avert a recurrence of deficits. The Labor party Cabinet of 1929-31 stumbled through its share of these general troubles, aggravated in its own case by the special difficulties inherent in never having a majority in the House of Commons. The Labor party itself grew more and more restive at its own Parliamentary impotence, section after section breaking out in angry rebellion. Thus the session of 1931 opened with the Parliamentary Labor party seriously discontented with itself. The Prime Minister, very much aware of the shortcomings of each one of his colleagues, and of the party to which he belonged, as well as (may it be said?) perhaps incessantly rather too conscious of his own superiority, was not in a condition to withstand the temptation of flattering suggestions that began to be made from more than one quarter.

Why not cut the Gordian knot by getting rid of the perpetual nuisance of Parliamentary opposition; especially if such a surgical operation involved also the elimination, or at least the reduction to impotence, of those troublesome sections of the Labor party whom the Prime Minister had come to loathe with a bitterness that could not be concealed?

The first overt suggestion of a "National Government" absorbing into itself "His Majesty's Opposition" was published early in 1931 by Mr. J. L. Garvin, the versatile and forceful editor of London's leading Sunday political journal, *The Observer*. His object was avowedly to "dish" the majority of the House of Commons which obstinately refused to vote for a protective tariff. Twice the issue had been explicitly placed before the British electorate (in 1906, and again in 1923), and each time the policy of fiscal protection had been decisively rejected. Public opinion was, it was thought, now coming round. It began to be whispered among ardent protectionists themselves that the magic spell of a "National Government," evoking the patriotic emotion of the whole people, could be used to overcome the inherited popular distrust of "food taxes."

Meanwhile the government finances were seen to be getting into a bad way. Already in February, 1931, the Chancellor of the Exchequer (Philip Snowden) had publicly warned the House of Commons that the decline in revenue, combined with the increase in expenditure, was creating financial difficulty. Nevertheless, in presenting his budget three months later, he avoided any considerable increase in taxation, and proposed no substantial reductions of expenditure. The apprehended deficit very quickly became a certainty. The Hoover moratorium of intergovernmental debts, cordially accepted by Great Britain, alone cost the government \$55,000,000 on the year's account, while the continued increase of unemployment

and the short-fall of revenue consequent on the slump in trade greatly widened the gap. What the Prime Minister deemed most serious was, however, not so much the prospective deficit itself as the chronic drain on the national finances involved in the continued maintenance of nearly 3,000,000 unemployed workers (and their families) at a cost of some \$600,000,000 a year. Yet how could the Labor party, or indeed any one party, venture to propose suddenly to strike off the payroll so large a proportion of the electorate? The idea of a National Government, as a means, not of adopting a policy of fiscal protection, but of cutting out this dangerous "overgrowth" from the body politic, seems to have been already germinating in the Prime Minister's mind. One great obstacle was the Liberal party. How could that party, itself desperately fearing a general election in which its absolute extinction was more than probable, be induced to merge itself in a three-party coalition, inevitably leading up to just such a popular judgment?

Curiously enough it was the Liberal Party itself that unwittingly brought on the fateful crisis. Regardless of its previous requisitions on the government for enormous expenditure on public works to employ the unemployed, the whole party chose suddenly to demand the immediate appointment of a non-political Royal Commission of business men, which, in order to lighten the burden that the heavy taxation was declared to be pressing on industry, should summarily suggest drastic economies in public expenditure. The Conservative party, eager to join in a defeat of the government on any issue, promised unanimous support. The Prime Minister and the Chancellor of the Exchequer, in order to avert Parliamentary defeat, somewhat contemptuously accepted the resolution, and appointed a three-party commission of six bankers, accountants and manufacturers, under Sir George May, who had recently re-

tired from the administration of the colossal Prudential Insurance Company. That commission, going rapidly to work, produced by the end of July, 1931, a startling report, recommending (by a majority of 5 to 2) the instantaneous striking off of nearly \$500,000,000 of expenditure, over two-thirds of it from unemployment insurance, and most of the balance by summary reductions of pay (actually in breach of contracts individually entered into) of the school teachers, the local police forces, the army, navy and air force, the health insurance doctors and pharmacists, the civil service, and, finally, the judges and the Ministers themselves. On the publication of this report, which experienced administrators felt to be both ignorantly framed and ill-judged in many of its proposals, a great newspaper clamor arose, voicing the demand of the taxpayer for some such reduction of expenditure; leaders of both the Conservative and Liberal parties made it known that they would unite to defeat the government on this popular cry; and the Cabinet at once took the matter seriously into consideration.

It happened, however, that this purely domestic and Parliamentary crisis, which might have been surmounted by some ingenuity, as others had been, coincided with a second and a more serious emergency of a different nature, and one not at once revealed to the public. In July, 1931, the Bank of England suddenly warned the Prime Minister and the Chancellor of the Exchequer of an alarming foreign drain of gold, caused by a steady withdrawal of the current balances and short-term deposits which foreign governments, bankers and merchants had gradually accumulated in London, in the hands, mainly, of a few dozen financial houses, to an amount of which (as each transaction was kept secret) the magnitude was unknown either to the government or to the Bank of England or even to any one of the financial houses, but which had

lately been estimated at some \$2,000,000,000. In the ordinary course of business a large and equally unknown proportion of this sum had been lent on short terms, at relatively high rates of interest, to manufacturers and bankers in various Continental countries, from whom it was proving difficult, and in many cases impossible, to recall it without bringing down the whole fabric of German and Austrian credit.

The London financial houses were very far from being insolvent, but their only resource in the emergency was to draw gold from the Bank of England, in exchange for currency. The resulting drain on the gold reserve, held for the quite different purpose of securing the fiduciary note issue, was so serious that the bank had already borrowed in July from New York and Paris no less than \$250,000,000, which was rapidly disappearing. Early in August the bank represented that unless the British Government itself borrowed, within a few days, \$400,000,000 more to maintain the gold reserve, it would be necessary for the government to declare a moratorium for the whole City of London, with calamitous results to credit, international as well as national, all the world over. No question was raised as to the possibility of going off the gold standard, a step then apparently regarded as unthinkable. The Labor Government sought accordingly to borrow from New York—Paris being in close association—whatever the situation temporarily needed. The application was met by two requirements stated to be necessary to "restore the confidence" without which no such loan could be obtained. First, that the British Government budget should be honestly balanced without recourse to other than merely temporary borrowing, with the support in Parliament of the opposition leaders; and secondly, that substantial economies in government expenditure should be instantly effected, notably as regards the cost of unemployment insurance.

That this second stipulation was made has been denied, and the official denial is doubtless accurate in the sense that there was nothing in the nature of an ultimatum or of any claim to interfere with the British Government's own business. Doubtless the response of the New York bankers was not only courteous but also sympathetic and even friendly. But the Prime Minister himself has since said (in answer to a question in the House of Commons, and as a reason why the "cut" in the rate of unemployment benefit could not be canceled) that this was a "condition of the borrowing," and must therefore be maintained. At any rate, the Labor Cabinet which had already unanimously determined to balance the budget by immediately imposing the necessary additional taxation, and making all prudent economies, refused to accept any such "condition of the borrowing" as Mr. MacDonald has described, and late on Sunday evening, Aug. 23, in order not to render public business impossible, empowered the Prime Minister to tender to the King his own resignation, which automatically includes the termination of office of the whole Ministry. It was taken for granted that the King would immediately send for Mr. Baldwin, the leader of the Conservative party, and entrust him with the formation of a new government. It is significant that Mr. Neville Chamberlain, who as Mr. Baldwin's principal colleague had been with him almost hourly in consultation with the Prime Minister, stated publicly in a speech a few days later that he had himself gone to bed that Sunday night with exactly that assumption.

The Prime Minister had in mind a different development of the drama that he had himself staged. What happened at Buckingham Palace on Monday morning, Aug. 24, can be known only to the actual participants. What is said is that the King, with whom the Prime Minister had been in constant communication but

who never went outside his constitutional position, made a strong appeal to him to stand by the nation in this financial crisis and to seek the support of leading members of the Conservative and Liberal parties in forming, in conjunction with such members of his own party as would come in, a united National Government. The King is believed to have made a correspondingly strong appeal to the Liberal and Conservative leaders. What is known is that Mr. MacDonald came at noon to the final Labor Cabinet, and at once informed his astonished colleagues that, while they were all out of office, owing to his resignation, he had actually "kissed hands" as Prime Minister of a National Government, which would confine itself to what was required to meet the actual financial crisis and would then promptly proceed to a general election, at which the leaders of the three political parties, without anything in the nature of a coalition, would severally appeal to their respective followers. The new government thus formed consisted, in the Cabinet of ten, of four Labor Ministers (Philip Snowden, J. H. Thomas and Lord Sankey, following the Prime Minister), with four Conservatives and two Liberals. Meetings of the Conservative and Liberal parties promptly endorsed the action of their respective leaders, and half a dozen Liberals and a dozen Conservatives accepted minor Ministerial office. A meeting of the whole Parliamentary Labor party, which Mr. MacDonald did not even attend, much less appeal to, refused almost unanimously to condone what it regarded as a gross betrayal, aggravated by a long course of inexcusable duplicity. All but about 5 per cent of the Labor members and about 4 per cent of the chosen Labor candidates steadfastly adhered to Mr. Arthur Henderson, who was elected leader of the party.

But there was a note of irony in the immediate result. Withdrawals of balances from London and the drain of

gold from the Bank of England continued unabated, and presently became a heavy spate, thus demonstrating that they were caused, not by any lack of confidence in Britain's government, but by apprehensions of a run on the banks in nearly every other country! Within four weeks of the formation of the National Government, it found itself compelled summarily to prohibit the issue and the export of any more gold. On Sept. 21 London was "off the gold standard"! Far from this "terrible calamity" proving instantly ruinous to British credit or British trade, as the Prime Minister had so recently threatened, the press welcomed it, and Manchester reported an immediate fillip in the exports of textile goods, a fillip presently felt in other export markets.

Thereupon ensued a short and excited session of Parliament, in which the new Ministry found its claim to be, in any accustomed sense, a National Government rebutted by the presence of His Majesty's Opposition under Mr. Arthur Henderson. But by reason of the close alliance of the whole Conservative and Liberal parties, with the fifteen deserters from the Labor party, the government carried every vote by a majority of about 60. It rapidly put through the new budget, showing taxation increased and expenditure reduced in a way to secure a surplus for both 1931-32 and 1932-33. It put through equally rapidly an "economies bill" which by a momentous and unprecedented change of constitutional practice did not specify the economies to be made, but merely empowered the several Ministers to effect them in their own departments, with such arbitrary "modifications" of existing contracts as were required, merely by Ministerial fiat (for this, indeed, is what an order of His Majesty in Council has long meant). Such a device, adopted to avoid Parliamentary debate or even specific submission to the House of Commons of the proposed changes, may one day be made use of for a much greater

revolution "in due course of law." The very day the bill was passed Parliament was dissolved and writs were issued for a general election within three weeks.

The election campaign of these three weeks was a political whirlwind without parallel in British annals. The Liberal and Conservative organizations in nearly every constituency instantly united and resolutely closed their ranks against every candidate who did not run in support of the National Government. A regular plan of acting on the "fear complex" to which nearly every one is subject, seems to have been determined upon. Practically the whole newspaper press of the country, with the outstanding exceptions of the *Manchester Guardian* and the *London Daily Herald*, kept up the same appeal to the 30,000,000 electors to help the National Government to save the State from vaguely suggester perils of the most awful nature. The broadcasting service, a piece of governmental machinery, was without any nice regard to fairness between the combatants used day after day to immense effect, and the air became thick with all manner of insinuations aimed at producing panic among the undiscriminating electors. Yet the crisis had been surmounted. The desired "economies" had been effected. The budget had been austere balanced by additional taxation. There was thus no immediate financial menace.

A new cause for panic was, however, promptly found in the "adverse balance" of the nation's trade, which no sensible economist believes that any government action could immediately affect and which would anyhow be in due course automatically adjusted as one of the results of going off the gold standard. Nevertheless, the "adverse balance of trade" was declared to be a menace to the value of sterling at home. The currency was in danger of becoming valueless. The pound might sink to be worth no more than ten shillings, than one shilling, than

a penny. No man's wages were safe from depreciation. The Labor Government, if it had not been turned out, would not have had money after November to pay the unemployment insurance benefit. The climax was reached in statements repeated far and wide of something that the Labor Government had done or would do to the \$1,500,000,000 deposited by ten millions of people in the Postoffice Savings Bank, which might be used to pay the unemployed. Nothing new had, in fact, been done or had ever been contemplated in connection with these savings, and this was well known to those who spread the alarming rumors. In the last days before polling day many thousands of poor folk (the safety of whose little hoards seemed to be at stake) became scared through fear of what they knew not and flocked to the polling stations which they had never before troubled to visit.

When the ballot boxes were opened it was found that these subterranean streams of fear had undermined the electoral foundations of nearly every candidate, whatever his particular shade of politics, who was not an accredited supporter of the so-called National Government. Such a landslide of votes no country had ever seen. Some 69 per cent of all the voters, representing an unprecedented combination of all parts of the kingdom, all political parties, all religious denominations, all vocations, all social grades and both sexes, simply annihilated the various "new parties" and swept away four-fifths of His Majesty's Opposition, electing no less than 91 per cent of the whole House of Commons in support of Mr. MacDonald's new Ministry.

What manner of Ministry is it, to which the destiny of Britain has thus hysterically been entrusted? As reformed after the election it is, at any rate for the moment, not a party government because it includes prominent representatives of different parties, although the regular Conservative

party, which now counts 470 members out of 615, and furnishes 94 per cent of the government's supporters in the House of Commons, is unlikely to be long content with but a bare majority of the Cabinet. A government so constituted and supported can hardly fail to be, in substance, a government of the Conservative party. It is at present a government without a policy, pledged only to do what it finds to be the best for the nation. Every one assumes that it will put through measures (including fiscal protection and a gradual starvation of the social services) substantially in accord with the policy of the Conservative party. The government will, in fact, before the expiry of the term of the new Parliament, inevitably become Conservative through and through, either by gradual extrusion of the alien elements or by their complete assimilation.

What is the significance of this whole drama, with its finale of such an extraordinary election, in British political history? The first thing to notice is that the Labor party, more than ever definitely Socialist in policy, is not "smashed"; but rather consolidated and purified. Not all the skill with which the adverse combination was manoeuvred, not all the force of the appeal to the national emotion, availed to break the mass vote for Labor cast by the electorate. In October, 1931, as it is beginning to be ruefully observed, no fewer than 1,000,000 voted for socialism against some 16,000,000 for the anti-Socialist union. At the preceding election the corresponding figures were 8,000,000 against 13,000,000. What the British Labor party has received is a great and perhaps a salutary shock. It is still only a quarter of a century old, and its growth in that time to nearly one-third of the nation is little short of marvelous. But in being called to Ministerial office in 1924, and even again in 1929, it was, as its members now realize, prematurely born into the life of government. It has never yet

come near comprising a majority of the nation; at no time has it obtained the support at the polls of even half the wage-earning voters; nor can it be said to have yet found the requisite amount of governmental talent to cope with the recurring crises of the present century.

The surprising magnitude of the defeat was a necessary result of the union of the Conservative and Liberal parties in their novel concentration on an attempt to destroy, once for all, the menace to wealth and functionless property, which they at last recognized in the continuous growth of the Labor party. Almost the whole of the well-to-do electors, including practically the entire rentier class, voted as a solid block. Such a confrontation of classes was bound to occur sooner or later, as a trial through which the Labor party had to pass. It is an accidental result of the British single member constituency that a decline from 36 to 30 per cent in the votes cast for the Labor party should involve a loss of no fewer than 215 seats. The success of the appeal to the "fear complex" once more revealed the quite exceptional psychological homogeneity of the British people from one end of the kingdom to the other. When the people's emotions are stirred, the response is not local but "national" in character.

Finally, it may be said that the whole episode is a manifestation, which the world will not fail to note, not only of the very great stability of Great Britain, but also (as the British Labor party must duly heed) of the extraordinary strength of the position of the British capitalist system and the British governing class. The capitalist system may show signs of breaking up. But let all its elements

combine and marshal to one end their various forces and their citadel is in any particular contest almost impregnable. Their wealth, their positions of vantage as employers or landlords, their command of very nearly the whole newspaper press, their hordes of dependents in the shopkeeping and professional classes no less than in domestic servants and other employes, the immense technical ability by which they are served—all this counts enormously at the polls, just as it does in any serious industrial conflict. But all these influences are helped at the parliamentary end by the policy that has for the past century been almost instinctively followed by the British governing class in its relation to any emerging personality of whatever antecedents in whom can be recognized the potentiality of power. Popular leaders in other countries may be ruthlessly suppressed, or they may be bribed or induced by prospects of a career to abandon the cause of their fellow workers. The British governing class has ceased to repress by punishment. Corruption in its cruder forms has become repugnant to it. Far more tempting treatment is almost automatically and even out of genuine kindness now meted out. The emerging leaders of the common people are neither imprisoned nor bribed. As soon as they show evidence of power they are embraced. It is, however, too soon to predict whether Mr. Ramsay MacDonald will be dislodged and discarded by the mutinous Conservative horde that now fills the House of Commons, or whether he will let himself become, even more decisively than at present, "one of them," possibly, indeed, the leader that they lack.

LONDON, Nov. 13, 1931.

India's Failure to Unite for Home Rule

By S. K. RATCLIFFE

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THERE can be no doubt that the ending of the second Indian Round-Table Conference leaves in the minds of all instructed observers a sense of grave consequences to come. As these lines are being written Gandhi is preparing to return to India, his mind darkened by thoughts of a revival of civil disobedience which, if begun, must surely pass far beyond his control, while the more moderate Indian leaders are oppressed by fears of the unknown and by the certainty that the last vestiges of their influence are already destroyed.

The Constitution of 1919, under which India is now governed, it will be remembered, was to be revised at the end of ten years, and for that purpose the commission under Sir John Simon, now British Foreign Secretary, was appointed in 1927. Because the commission consisted exclusively of members of Parliament, it was condemned by the Indian political leaders and parties and largely boycotted during its two Indian tours. Its two-volume report was published in 1930. By that time the MacDonald Labor Cabinet had been formed, and Lord Irwin, the Viceroy, had, on behalf of the Imperial Government, on Oct. 31, 1929, made the statement that "it is implicit in the Declaration of 1917 that the natural issue of India's constitutional progress, as then contemplated, is the attainment of dominion status."

If there could have been in England an unequivocal endorsement of this

statement, the nationalist agitation in India would have subsided and Gandhi would have taken his place with the delegates to the first Round-Table Conference in London. This, however, was not to be. The National Congress, which Gandhi has in the main controlled for many years, not only decided to stand out, but passed a resolution in favor of Indian independence. In March, 1930, Gandhi resumed his movement of civil disobedience and in May was arrested and interned as a political offender, while civil disobedience and the boycott of British goods were continued. The Round-Table Conference, which was opened in London in November, 1930, contained representatives of British India, with its many interests and communities, and of those numerous Indian States which have their own governments under princely rulers, but there were no delegates from the National Congress, the largest political body in the country.

The first conference revealed two important things—first, that all the Indian parties there represented were agreed in demanding that India should be a fully self-governing dominion in the British system, and, second, that the princes were ready to join with the provinces of British India in an All-India federation. A federal plan was agreed to and the rough draft of a constitution worked out; but no clear position was reached on the essential matter of responsible or

dominion self-government. That was a matter of "safeguards," and as to the nature of the safeguards there was only too much scope for disagreement.

There followed in India the release of Gandhi, his famous truce with Lord Irwin and the compact by which the National Congress was won over to take part in the second conference. Having agreed to cooperate for a settlement, Gandhi devoted the Summer of 1931 to preparatory efforts. The relations between the two chief divisions of the Indian people—Hindus and Moslems—were most unsatisfactory. Gandhi took the view that it would be useless to go to London unless a basis of communal agreement had been reached in India. At the same time he was contending with the government of India over certain alleged breaches of the truce, and he took these things so much to heart that not until the last moment did he decide to sail for England.

It was originally intended that the National Congress should be represented, like the other communities at the conference, by a compact delegation with Gandhi at the head. He would undoubtedly have been in a stronger position as first delegate in such a group, especially as he does not easily cooperate in committee and the day-to-day labor of a conference is irksome to him. But the National Congress nominated him as its one representative, and he was treated as a plenipotentiary. It was assumed that he was powerful enough to carry the National Congress for anything that was accepted by him at the conference.

After his arrival in London Gandhi was careful to attend the conference regularly. He also had audience of the King and Queen, addressed members of the House of Commons, and was accessible to people of all kinds. He slept at a social settlement in the East End of London and had his office in a West End house overlooking Hyde Park. He had talks with many of the British leaders in politics, so-

cial service and the churches. He manifestly enjoyed every hour of his stay, and as an individual achieved a popular success exceeding that of any eminent visitor from overseas within memory. In his public capacity, however, as party leader and negotiator, Gandhi is quite another person. Being a lone delegate and the advocate of an extreme policy, he had a task of great difficulty, which was made all the greater by his way of life and his methods of procedure.

The conference had to confront the hard realities of a situation for which, as the debates revealed, only one section of the delegates—the Indian Moslems—had come fully prepared. Gandhi, perhaps, might be correctly described as being prepared so far as the main program of the National Congress was concerned, but clearly he did not anticipate the obstacles that were to arise in connection with the problem of minorities other than the 80,000,000 Moslems. The conference was from the beginning held up by the multiple difficulty of these minorities; but, quite apart from that, Great Britain's own political crisis was telling against India.

The Round-Table Conference had been called into existence by the Labor Government in cooperation with Lord Irwin in India. Mr. MacDonald as Labor Prime Minister was deeply concerned to make peace in India and to lay the foundation of a new self-governing dominion in the Orient, but at least a year ago he was made aware that his chance of completing an Indian settlement during the lifetime of the Labor Government was already gone by. This meant that if he was to have a hand in any such settlement, it must be through the agency of another and a very different Cabinet. When the British political crisis came, it created a situation in reference to India which appeared to be unmanageable under the conditions of 1931. Wedgwood Benn as Secretary for India gave place to Sir Samuel Hoare, a member of

the Conservative Right Wing. Labor Ministers who were delegates to the conference lost both their places in the government and their seats in the House of Commons. Mr. MacDonald after the election was head of a government supported by no fewer than 470 Conservative members in a House of 615, and the majority of those 470 were more or less hostile to Indian political aspirations and ready to call for a restoration of the strong hand in ruling India. In the meantime the Foreign Secretaryship in the Cabinet had been given to Sir John Simon, chairman of the Indian commission which had been set aside—the man who was chiefly responsible for the survey and proposals which, after being reviewed and applauded throughout the world, were judged in 1930 to be so remote from the actual problems of India that they were not considered by the Round-Table Conference at all. The Cabinet upheaval of August was followed by an awkward period of adjustment, during which the Indian problem occupied hardly any public attention.

If the British policy toward India had been declared by Prime Minister and Viceroy, and if the responsible leaders of all parties were committed to a program of progressive self-government, it may be asked whether it was not plainly the first duty of the government and the Indian delegates to sit down before the central problem itself—to find out what self-government meant, what responsibility meant, by what means the governing power could be transferred to Indian hands, and under exactly what safeguards? Doubtless that was the real first duty, but circumstances tended to make it impracticable. The Prime Minister, in one of his keynote speeches to the conference, was very guarded in expression. In the opinion of the National Government, he said, "responsibility for the government of India should be placed upon the Legislatures, central and provincial, with such provisions as may be neces-

sary to guarantee during a period of transition the observance of certain obligations and to meet other special circumstances, and also with such guarantees as are required by minorities to protect their political liberties and rights."

Actually, the conference broke down—or rather, had to confess itself beaten—on the problem of the minorities some time before the critical issue of a responsible government for India was in any real sense approached. The complaint of the Hindu delegates—of Gandhi for the nationalists and of the other groups—is that it was wrong to allow the disputes over minority rights to take up time and to occupy the foreground. The conference, they argue, ought to have addressed itself to the one great question of India's freedom in self-government; and the British Imperial Government should have been required to declare itself so that it might be known how far it was prepared to go in such all-important matters as the control by Indians of the central authority, the control of finance, the organization of defense and the final control of the army. Events have now shown that there was little use in holding the second conference unless it was understood that, after the provisional results reached a year ago, the British Government and Parliament were ready to implement the Irwin declaration, to follow out the logic of the later policy, and to meet the Indian demand with courage and straight bargaining. But the circumstances of 1931 did not allow the conference to start from that point. The facts of the minorities problem were altogether intractable.

Moreover, it is now clear that, if the Indian representatives had gone to London wholly agreed, not only upon their demand for India as a free dominion within the British system but also upon the main lines of the Constitution they were ready to accept, the task of the conference would have been clearly defined, and the British

Government would have been called upon to set forth the exact nature of the limits and safeguards they deem to be fundamental. But no such unanimity on the Indian side was approached, or even foreshadowed, and it was realized from the beginning that the powerful Moslem delegation had come with the purpose of taking a still firmer stand than that of the previous year. The Moslems stood upon their full claims for the protection of their position, and in the later stage of the conference they made it clear that they could not further the project of federation, or take part in the discussion of self-government for all India, until they were satisfied that their standing as the largest minority group in India was made secure. The Moslem claims had been clearly and skillfully made out, and the delegates were rendered all the more determined by their knowledge that their case had the backing of certain very influential groups of Conservative, and especially veteran official, British opinion. Accordingly, the solution of this obstinate difficulty proved to be impossible. The Moslems made it plain once more that they would not agree to any concessions which might at any time or in any way make their community subject to the great Hindu majority.

At the same time other difficulties developed with reference to the small minorities and to the "depressed classes"—the "Untouchables." Every conscious community in India is resolved if possible to gain assurances in advance with respect to its own position in the new India, and especially a very interesting situation has emerged in connection with the "depressed classes." These miserable people are at last being stirred. They are demanding their place in the sun, and undoubtedly it is Gandhi's work which more than any other influence has produced this result. But there is one aspect of their revival which provides an example of Gandhi's difficulties. He is held in reverence by the

"depressed classes"; he believes himself to be the leader of their whole body and to know what they want. But it happened that they had in Dr. Ambedkar, an able man and very effective speaker, a delegate of their own at the conference. His demands on behalf of the "depressed classes" were opposed to Gandhi's views, and it was noted as significant that, while Gandhi was willing to have the differences between the Hindus, Moslems and Sikhs referred to arbitration, he was against allowing the arbitration to include the case of the "depressed classes," because, he believes, nothing should be done to create a political and social division between them and the main body of Hindus. But in adopting this position he seems to have ignored a basic truth affecting all modern democratic arrangements, namely, that any community that happens to be coming up in the scale will insist upon being represented by men not only of its own choice, but almost invariably men belonging to its own body. But whether Gandhi was right or wrong, it is a pity that the differing champions of the disinherited millions could not have worked together in agreement.

The undoubtedly disappointing results of the conference have been summed up in a section of the British press as virtually involving a move back to the Simon report, especially as regards making the grant of self-government for the provinces prior to any proposals for responsibility at the Centre. Furthermore, the plan of an All-India federation inevitably recedes into the background. The Princes are seriously divided on the subject, and their political differences are supplemented by special objections and personal antagonisms, while the difficulties of building a scheme which would enable the provinces of British India to be federated with the paternal systems of the Indian States are more widely emphasized than they were twelve months ago. The Mos-

lems, again, are not at present greatly interested in federation. As for the Hindu-Moslem conflict and the question of the other minorities, it is assumed that, if or when the new provincial system is being devised, the government will offer its own working compromise, and that, should India then be fairly free from disturbance, the authorities could expect to gain the support of all the moderate parties in their search for a tolerable solution.

Unhappily it is not possible to anticipate for India an interval of peaceful development. The outlook, indeed, is very grave, and the British authorities will count themselves exceedingly fortunate if they are enabled during 1932 to go forward in the direction of the policy outlined in the statements which were made by Mr. MacDonald in the closing days of the conference. At a time when the most complicated of all difficulties are pressing upon Great Britain, the prospect in India itself is most disturbing. It was fully realized before the conference that Gandhi could not take back from England anything that the National Congress would be willing to accept in satisfaction of its extremist demands. But it was hoped that, with his reasonableness of tone and often of attitude, he would find himself able in the end to make common cause with those public men, British and Indian, who have understood the extreme urgency of a settlement. That has proved to be impossible. In the eyes of the Indian press and Indian politicians the delegates return to India with empty hands.

It is difficult to avoid the feeling that the two Round-Table Conferences

afforded a great final opportunity of settling the fortunes of India upon a basis which might have made possible a half-century of orderly progress, and the further feeling that, by reason of many happenings, this wonderful opportunity has been lost. The second conference should have been treated as a last mercy which could never recur. Whether, if the Labor Government had remained in office, with Mr. MacDonald guiding it to the normal end of its term, the road to peace in India could have been found in London, is a question to which the strange turn in British affairs has prevented an answer.

LONDON, Nov. 27, 1931.

[A few days after the above was written the Round-Table Conference came to an end on Dec. 1 with Prime Minister MacDonald reaffirming the government's desire to establish an All-India federation, and promising the establishment of special committees to work out the details of a Federal Constitution. The Moslem elements were somewhat appeased by his guarantee of eventual self-government in the Northwest Frontier Province, a predominantly Moslem section, and its immediate organization as a "Governor's province." The Prime Minister also announced that Sind, the area between Bombay and Baluchistan, would be constituted a separate province. This means that the Moslems, as the prevailing majority, will control the provincial government. Gandhi, however, was by no means sanguine as he left London on Dec. 5. To appeals for peace in India he replied, as he had done before, that the final word rested with the All-India National Congress.]

General Coxey's "Hunger Marchers"

By RALPH THOMPSON

THE recent election of Jacob Coxey as Mayor of Massillon, Ohio, is a vivid reminder of a period in American history during which his name as leader of an "army" was in every newspaper and the word "unemployment" rang ominously throughout the land. Today that word arouses equal concern, but less apprehension. To be sure, there is a strike here and a strike there, stone-throwing and shotgun firing in West Virginia, eager soap-box oratory from Union Square to Golden Gate Park, faint seditious rumbling in various centres from the Great Lakes to the Gulf of Mexico. And at this writing, certain present-day emulators of Coxey's methods are reported on their way to Washington to make their complaints known. But with millions unemployed, wages sinking, constant reiteration of the magnitude of this greatest of depressions, the nation as a whole has thus far protested principally in the abstract, apparently willing to wait resignedly for the lifting of the clouds and the reappearance of prosperity's golden sun.

For some forty years, however, when times were hard, between 2,000,000 and 3,000,000 men unemployed, farmers poor, the American scene was not as placid as it is today. In 1892 the National Guard marched against strikers at Homestead, Pa., and two years later government troops were called upon to subdue the disaffection which started in the Chicago shops of the Pullman Company and destroyed

\$80,000,000 worth of property before it was over. The flood and ebb of the panic of 1893 left other marks upon the surface of American society—some the effect of violence, some that of more ordered but none the less determined protest. Of the latter, most unusual was the phenomenon of masses of unemployed men making their way by foot, rail or water to Washington, there to register emphatic dissatisfaction with the condition of things in the country. The Spring of 1894 saw them marching down from New England, straggling across Arizona and Texas, tramping through late snowstorms in the Alleghanies. All told, the "armies" were made up of somewhat fewer than 10,000 men. Some never reached the capital, and those that did accomplished very little besides furnishing copy for avid reporters. But the industrial army processions, ineffective as they were in forcing legislation, thrust before the eyes of the country at large unmistakable evidence of something amiss, something which the light-hearted newspaper stories of the movement could not altogether gloss over.

The leader of the most famous of the descents upon Washington was Jacob Sechler Coxey, "General" Coxey, in many ways a strange man for his job. He was no ragged Wat Tyler, but a wealthy manufacturer of silica sand and the owner of a stable of blooded horses, one who in his home

at Massillon had caught the fever of the farmers the country over who were struggling against the hardships imposed by 5-cent cotton, 10-cent corn, 50-cent wheat and had given 1,000,000 votes to James B. Weaver, Presidential candidate of the Populist party in 1892. The panacea for their ills seemed to be more money; with a more plentiful currency, they believed, prices would go up and hard times would end. So Coxey formulated his good roads bill, under which the National Government was to issue \$500,000,000 in legal tender notes to be expended for the employment of citizens in a vast nation-wide road-building campaign. The good roads bill was designed to help the farmers; city folk were to be aided by a companion measure, the non-interest-bearing bond bill, which advocated issuance of further legal-tender notes for city streets and public buildings on the security of non-interest-bearing bonds to be authorized by any State, county or town. These two schemes were introduced into Congress on March 19, 1894, by Senator Peffer, Populist, of Kansas.

Six days later Coxey's army left Massillon for Washington, a "petition in boots" for the passage of the bills. The start was a less magnificent affair than the General had hoped. Only some 100 men were in line, but as accessories there were 43 special correspondents, 4 telegraph operators and 2 linemen, and among the regulars were a cowboy and an astrologer. Although certain professional hoboes hastened to associate themselves with the enterprise, the majority appear to have been honest, earnest workingmen. Only citizens of the United States were admitted to the ranks, and there was a strict prohibition on "thieves or anarchists—boodlers or bankers." The column moved bravely out of town toward the neighboring city of Canton, Coxey in a phaeton and the rest of his family, including his young son, Legal Tender Coxey, close behind in a carriage, while

crowds cheered and small boys stared at the ragged pageantry.

Much careful preparation had preceded the departure of the army that Easter Sunday morning. As men had straggled into Massillon in response to Coxey's call they had been drilled, taught to salute, fed after a fashion and given badges to wear. Banners had been manufactured with the inscription "Peace on Earth; Good Will to Men. He Hath Risen, but Death to Interest on Bonds"—a mixed sentiment representing not only Coxey's economic aspiration but also the religious impulse lent to the crusade by Carl Browne. Browne, a picturesque Western character, had brought into Coxey's camp his idea of reincarnation—that the soul after death of the body enters into a sort of reservoir of all souls from which each succeeding individual draws his essence. Each person alive, therefore, has in him the accumulation of past generations and, accordingly, some small portion of the soul of Jesus. The theory was that so great a portion of Christ's soul would be represented at Washington by the presence of the army that Congress could not resist its influence; the "Commonweal of Christ," as the army was designated, would succeed in its mission by the overwhelming moral force of its personnel.

On the way to the capital the Commonweal met with much attention, for the escort of reporters was proving an able if unwitting advertising agent. Food and supplies were donated by sympathetic persons or groups along the line of march—and also by the cautious, it has been suggested, because such gratuity would go far to insure the henroosts and larders of the local housewives. When the army left Beaver Falls, Pa., on April 2, mills were closed to permit the workers to view the departing procession, which had been augmented by recruits from time to time, and, as it approached Pittsburgh, numbered nearly 200 marchers.

The Steel City and its suburbs were

still smarting from the Homestead strikes a few years before, and prepared against whatever violence might be incited by the presence of Coxey's strange brigade. The citizens, however, were greatly interested in the whole business, and flocked to the camp, or later lined the streets through which the army passed on its way to Homestead, the home of the Carnegie Steel Company. Here there was tremendous enthusiasm and the martial music of the Homestead Steel Workers' Band. At Cumberland, Md., the Commonweal was loaded upon barges and ferried down to Hagerstown, and the goal was almost in sight.

Some European journals, their vision blurred by distance, professed to see in Coxey's army another march from Paris to Versailles and the beginning of anarchy in the United States. How wrong they were in their diagnosis is pointed out by Donald L. McMurtry in his thorough study of the industrial army movement entitled *Coxey's Army* (Little, Brown & Co., 1929). Very few, if any, out-and-out Radicals took part in Coxey's crusade, and most of the other organized marches on Washington during the period were governed, in theory at least, according to law. There was a certain amount of "borrowing" of railroad trains by groups coming from the Far West—McMurtry states that at least forty were commandeered in this fashion by footsore men—and the railroads themselves had a rather involved few months as they willingly or unwillingly carried hundreds of pilgrims in freight cars or shepherded rolling stock which had been pressed into transport service without as much as a by-your-leave. Tramps and ne'er-do-wells were easily convinced of the sanity of the principles motivating the industrial armies by the lure of food and notoriety, to be sure, but most of these soon tired of the strain imposed by semi-military regulation, and departed for more con-

genial surroundings. Coxey really succeeded in keeping his organization in something like order, while various local authorities assisted in maintaining decorum by holding the men within camp bounds or by closing all saloons against the approach of a consuming thirst generated by hours of walking.

Washington received Coxey's army on May 1, 1894, with some trepidation. Disguised government operatives had kept officials informed of the temper of the marchers, but even though their reports were not disquieting, certain precautions were taken. Special policemen were sworn in and the guards about the Capitol were doubled; 1,500 troops were held in the city, with several thousand more close at hand, while sharpshooters supplemented the ordinary guard at the treasury. When Coxey and his men arrived, however, they were given permission to parade, with the warning that the passage of processions or the carrying of banners through the Capitol grounds was forbidden by statute. But having come all the way from Massillon to speak from the Capitol steps, Coxey was not to be so easily denied. His good roads bill had been unfavorably reported to the Senate, despite the efforts of Senator Pepper. His dream of an army of 100,000 men had had to be subjected to sharp revision, for there were but a few hundreds with him, including an additional force recruited in Eastern Pennsylvania by the silk-hatted reformer, Christopher Columbus Jones. He probably felt he was representing a considerable portion of the American people, for there were reports of various other armies marching to Washington from California, Massachusetts, Montana. The opportunity was too great to be neglected, statute or no statute.

Up Pennsylvania Avenue went the procession, between lines of policemen and spectators, bands playing, banners waving, with Coxey, Carl Browne and Christopher Columbus Jones the cyno-

sure of all eyes. At the end of the avenue, before the Capitol, stood a row of resolute policemen, however, and the army halted, while the three leaders made their way over the wall which surrounds the Capitol grounds and disappeared amid the shrubbery. They did not get very far. Mounted police urged their horses after them; spectators swarmed in to see the proceedings. Although Coxey gained the Capitol steps, both he and his two companions were collared and hustled out into the street before the speech championing "honest, remunerative, productive labor" could be given. Such a greeting was not wholly unexpected by Coxey or by the city, but the vigorous activity of the police aroused no little protest, even from those who entertained scant sympathy for the Commonweal of Christ itself. The logical conclusion of the encounter came shortly afterward, when the three leaders were brought into court for having violated "the peace and Government of the United States of America" because they did "unlawfully enter upon the grounds of the United States Capitol, and did then and there display a certain flag and banner * * * and did then and there step upon certain growing plants, shrubs, and turf then and there being and growing * * *." The sentences imposed twenty days in jail on all three for carrying banners, and \$5 fine on Coxey and Browne for stepping upon the plants, shrubs and turf. The Senate refused to be moved to interfere, and the penalties of the court were duly paid.

Thus ended militant Coxeyism, although Coxey himself had by no means given up his ideas. His army went back to its camp, and in much the same way as the other groups which appeared in the neighborhood from time to time, loafed about the city in disorganized fashion until the health authorities firmly requested a removal. The District of Columbia and certain prominent individuals finally arranged transportation to carry the

men to the sections of the country from which they had come. Those who remained behind were then consigned to the Baltimore House of Correction until they agreed to be delivered back to their homes. By Aug. 15 quiet reigned in Washington and its environs—that is, as far as industrial armies were concerned. The Commonweal of Christ and its kindred aggregations had dissolved.

In the meantime Jacob Coxey had become a famous man, a martyr to the cause of the unemployed and free speech. His political persistence was evidenced by his immediate appearance as Populist candidate for Congress in the Eighteenth District of Ohio, and in 1897 he ran for Governor. In 1914 he led another procession to Washington, and this time actually spoke from the steps of the Capitol—with little publicity, however. Two years later he stood for election as Senator from Ohio. Shortly after the World War he threatened to march his army again if \$5,000,000,000 in legal tender were not issued for the benefit of the unemployed. In 1922 he went to the government and asked \$40,000,000 in treasury notes to finance the reconditioning of 112 steel ships discarded after the war.

The current economic difficulty has found Coxey still ready with suggestions for ameliorating conditions; in 1930 he proposed that the government give \$100 a month to every unemployed man, and from time to time he has planned marches upon the national capital to impress Congress with the timeliness of his ideas. That he is still a figure of local, if not national, politics was evidenced by his success at the polls on Nov. 2, 1931, when he was elected Mayor of his home city on a platform advocating municipal ownership of public utilities and the flotation of a \$200,000 issue of non-interest-bearing bonds to aid the unemployed. Thus, at the age of 76, Jacob Coxey appears to be about to realize certain of his long-cherished ambitions.

The New Age of American Poetry

By JOHN MACY

AMERICAN poetry in the still young twentieth century underwent momentous changes of mind and heart. We have witnessed a renaissance, a new birth, almost a revolution, which is not concluded but is in vigorous process. As it has not come to an end, so we cannot say definitely when it began; for literature does not divide into neat periods with sharp edges but is a continuous activity, ever deriving and ever developing. We know certainly that within the last two or three decades something important happened—many things happened—which made the poetry of our time the richest, the most varied, the most exciting in American literary history. America grew "poetry minded."

The poets created the state of mind; the maker must come first. But readers joined in the creation, encouraged the poets as artists and helped to sustain them as laboring men and women. Like all countries of all times, America has neglected or despised this or that poet, but for more than a century it has honored its singers, and from its strangely mixed population there could always be assembled a generous and fairly populous audience for the native bard. In their silver day (which we now find a little tarnished) a new volume by Longfellow or Whittier was a public event. A generation later, at the end of the last century, James Whitcomb Riley was a national figure almost as familiar as Mark Twain. In our time when the new poets came, readers were ready for them, and many more were ready to

be initiated. Poetry societies flourished in the land and had somewhat the same effect as the little theatre movement: if they did not produce many notable poems and plays, they educated an increasingly numerous body of intelligent readers and listeners. Insurgent groups, sometimes freakish and cliquish and bursting with egotism but valiantly in earnest, founded little magazines, most of which died young but not in vain, for they had an influence far beyond their visible circulation and forced the doors of conservative magazines.

Publishers met the small but growing public of poetry readers more than half-way; not only new houses but the old-established firms adorned their lists with small volumes of verse, often by writers whose fame had not traveled far. Poets who had won a following that could be counted on were published as a matter of course. But sometimes a publisher was happily astonished by the fortunes of a book of verse by a poet little known or honorably known though not widely read before. In 1915 *Spoon River Anthology* by Edgar Lee Masters rushed sensationally through many editions and rivaled the best-selling novels. Since the publication in 1916 of *The Man Against the Sky*, by Edwin Arlington Robinson, it has been an old and repeatedly renewed story that his next book of poems is as eagerly awaited (if not by just the same people) as the next story by a popular writer of fiction. And this is the place to remind ourselves that the story of

American poetry in the twentieth century is only one important section in the story of contemporary American literature; it is a chapter in the complex chronicle of thought, culture, life of our times; it is a beautiful, vital, heartening chapter in a record much of which is not lovely, as many of the poets have felt and sadly sung. They have done much to interpret and redeem the evil and to glorify the good.

Our poets are intensely American without being provincial; modern as this morning's sun but not ignorant of man's oldest traditions or unaware of the timeless values. Even when there is no visible trace in them of Whitman's form and individual thought, many of them are fulfilling in their private ways the prophecy which he made of poets to come after him, the declaration of independence which he pugnaciously announced and of which he was in his own time the solitary signer. It is our generation—not the decades before us, not the men who were children during his maturity—it is we and not our fathers who have fully understood Whitman. He set American verse free long before "free verse" was talked about. It was not in form but in substance that he sought liberation for himself and his successors. He believed, and his successors all believe, all take it for granted no matter what their special subjects, that anything under heaven or beyond can be expressed in the open daylight of poetry. He protested against bookish words and poetic diction. Our poets can be orotund and rhetorical and swing through the heavens with verbal voluptuosities, but most of them aim at simplicity and find new richness in the old words that are the life of us and can never be worn out. The versifier who uses a rubber-stamp phrase will be pitied or laughed at by his brethren, sent to the foot of the class until he learns better.

Fear of the conventional has at times resulted in deliberate eccentricities, a conscious quest for novel combina-

tions, but the mere tricky gesture-to-be-different goes quickly out of fashion and becomes staler than "fleecey clouds." Whoever persists in either form of bad form is dismissed from the authentic choir. Our poets have roamed over the earth and some have settled far from home; their minds have traveled in all realms of gold, as it is a poet's right to take the universe for his province. But most of our poets remain in the kind of bondage which is perfect freedom, bondage to the soil or the city street from which they sprang. They live in all parts of the country. Their biographies have essential interest for literary history and criticism. Some are dramatic and will make excellent stories when the time comes to write them. Others have only the stories of their hearts which they have already written or are writing in their poetry.

A young man in Gardiner, Me., has read much, some at home, some during two years at Harvard, and he knows all about the technique of poetry. He knows also the appearances and the insides of his neighbors. In 1897 he publishes *The Children of the Night*, which contains brief narratives and meditations; in ballad form, even in sonnet form, he tells a man's history; the words are plain and ordinary, selected with distinction, the tone of voice quiet with the quiet of a withheld explosion which sometimes occurs in the last line. The book makes little noise and few people hear it. The poet goes to New York to make a living at unpoetic pursuits, publishes *Captain Craig*, which is more poetry of the same kind but stronger and of wider scope, and a new edition of *The Children of the Night*. President Theodore Roosevelt praises the poet in a review in *The Outlook*. The dynamic statesman and man of letters is right this time, finds the poet a small position in the Custom House and lives to see the publication of *The Man Against the Sky* (1916) and other volumes. It

is old news that Edwin Arlington Robinson has received the Pulitzer prize three times. He is the oldest of the new poets, but at 62 he has not begun to yield to the youngest.

A few years younger than Robinson, another poet gave the lie—and Edna Millay later underscored the denial—to the superstition dear to Mencken and others that New England is quite sterile as a subject for poetry and as a birthplace of poets. Robert Frost's *North of Boston* and *New Hampshire* are in their manifest substance as local as their titles, and some of his versified stories, like "The Death of the Hired Man," are hard Yankee granite, or marble, severe as a tale by Mary Wilkins. But Frost is a mystic—so was Emerson—who sees through a stone wall, hears the telegraph wires and smells more than apples in an orchard wind. There is political and intellectual history in his name and in the few extraneous facts about him. (It was he who wrote: "The fact is the sweetest dream that labor knows.") His father was a rebel against the dominant politics of his native New Hampshire, a Copperhead; wherefore the poet's name is Robert Lee Frost. The boy could not stand Dartmouth, but preferred to work in a mill in Lawrence. And he did not like Harvard, which he tried for two years and where he got good marks. He taught school, edited a paper, made shoes, and for eleven years tried with poor results to make a living on his farm. Meanwhile he kept steadily to his own kind of poetry, which magazine editors did not like. Then he went to England, where his first two books were published. After that America, or some Americans, knew that it had another authentic poet, indigenous, solidly rooted as an apple-tree and flexible as a birch.

A Chicago lawyer, very successful in his profession, keeps on publishing with no success, and none deserved, volumes of conventional, derivative

literary poetry. When he is 45 he is pulled out of the well-worn ways by that shrewdly independent critic and editor, William Marion Reedy of St. Louis, who gives the poet one of the oldest books of poetry in the world, *The Greek Anthology*. This is also well worn, but Edgar Lee Masters gives it a new turn—into his Middle Western town, and in *Spoon River Anthology* writes the epitaphs, each an autobiography, of the obscure commonplace dead, their defeats, futilities and sufferings, their strifes, often courageous, against themselves, each other, and their surroundings. Together they come alive again and the whole community is reconstructed. The appeal of the book, which was hailed and howled at, springs not so much from its poetic qualities as from its bare essential substance. It is a book of short stories, tough, compact, realistic. Its forerunner, in matter not in manner, is E. W. Howe's *Story of a Country Town*, and its nearest of kin to follow were Sherwood Anderson's *Winesburg, Ohio* and Sinclair Lewis's *Main Street*.

The poetic centre of America, if one can be found in our shifting, sprawling population, is nearer to Chicago than to Boston or New York. Two men helped to move it west and keep it there. And an energetic woman helped, too, Miss Harriet Monroe, who in 1912 founded *Poetry: A Magazine of Verse*, which has survived many brave little magazines and has encouraged many new poets. In 1914 it published "Chicago," an ode to the "Hog Butcher for the World." And so arrived Carl Sandburg. Born in Illinois of Swedish parents (American poets are of many racial strains), Sandburg had an incomparable education in all kinds of jobs in factory and field, and enough formal education at a small college to introduce him to the literature of the world. He was by experience closer than Whitman to the common people, the worker, the farmer, and he could not open his mouth without shouting

and crooning, howling and purring about them, for they were all in him. When he became a literary celebrity (he read "Good Morning, America" as a Phi Beta Kappa poem at Harvard) he was not spoiled; he did not cease to be a brutal rough-neck, because he had never been one except when roughness fitted the subject. He is a tender, almost sentimental lover of men and nature. More than any technical historian, he was equipped to write the poetically conceived and solidly grounded biography, *Abraham Lincoln: the Prairie Years*. When he recites his poems in public he accompanies them with a guitar. *Smoke and Steel* is the clamor of the new industrial age; its heart is as old as the race.

Sandburg makes and lives folk poetry. And so did the troubadour Vachel Lindsay, news of whose death on Dec. 5 comes as these lines are being written. Lindsay was born and lived for years in a house next door to the Executive Mansion of Illinois and had a conventional education, including some study of art in Chicago and New York. Then before he had written much he began his long tramps through Southern States, preaching the gospel of beauty, of communal art. He paid his way with a pamphlet called *Rhymes to Be Traded for Bread*; often the evangelist of poetry, the hortatory bard was well received, and the gentle trade was made. A salvationist in his own way, making converts in the name of the muses, he celebrated another kind of evangelist in *General William Booth Enters Into Heaven*, which lifts the noisy hymns of redemption to poetic dignity. In *The Congo* Lindsay played upon the primitive rhythms of the Negro, which he knew and felt intimately and naively before the younger Negro poets had begun to sing of their race and long before the white man had overexploited the black man as theme for drama and song. Lindsay was a pioneer with the pioneer's contradictions, audacious and adventur-

some, simple and old-fashioned. For all his wanderings he remained a provincial, a belated neighbor of Lincoln and John Brown, and in a rapidly changing America with its increasing sophistication he was already out-moded.

An innovator whose creations have been continuously fresh and whose influence has persisted is Ezra Pound. He was born in Idaho forty-six years ago, studied at the University of Pennsylvania and at Hamilton College, was dismissed from a position as teacher in Wabash College for no crime but that of being a Latin Quarter Bohemian, and left America in 1908 never to return though often invited. He is only one among several American writers who have tried to escape from their native land, and so from themselves. Others are John Gould Fletcher, T. S. Eliot, Conrad Aiken. Artists may live where they will and explore any ideas that please them. Most American poets have stayed at home or returned after much traveling, have loved the past and distant, but have faced the exciting present and the hopeful or desperate future. Discontent, restlessness, rebellion, disillusion are old moods in poetry and are common enough in the living poets; these moods were not, as is sometimes thought, a product of the World War—not in this country; they can all be found before 1914; the revolt and the sadness of the poets preceded the war and came to vigorous expression before the armistice. The war itself was the subject of many poems, patriotic, anti-militarist, ironic, heroic, tender and bitter. Most of them were dead the day after they were born.

The poets had their own wars, which seem to be over. And Pound was one of the most brilliant fighters. He championed every new movement, contributed to it and often dropped it before others made it commonplace. If he did not invent the word imagism, he was the first to emphasize and define it. The battles of the poets over

technical matters of form, free verse, imagism, vorticism, what not, are of value to us now chiefly because in one form or another a poet sometimes wrote a fine poem, and also because the poet as critic sometimes wrote an excellent essay—on which side he argued made great difference to him but not much to readers, unless we have special interest in the principles of poetry.

Ezra Pound, T. S. Eliot, Amy Lowell, Conrad Aiken, Alfred Kreymborg, Louis Untermeyer, William Rose Benét and others are critics as well as poets. Some poets said little or nothing in prose about their craft but learned it for their own uses and went on practicing the art. The experiments and the accompanying discussions were all fruitful and had two excellent results: they freed poetry from set rules, freed it even from the foolish rule that all rules are wrong; and they made it inexcusable, almost impossible, for a young poet not to know the ways, the tricks, the discipline of the game. A versifier may not be inspired, but to get even a respectful hearing nowadays he must know his business; he may not be a concert soloist, but he must be a competent instrumentalist to get a place in the orchestra.

And when we say "he" we mean more than ever in the history of poetry, of literature, "she." Men, as mere men, must look to their laurels. We have had women poets since Sappho; literature and music have been open to women when other houses of life were closed. In our time women are speaking out as never before, and in poetry, at least, they are not speaking too much, but are unfolding their hearts and minds with startling candor, combined with delicate artistic restraint, control, mastery of words. By a happy accident of genius and time, Emily Dickinson, who was born a hundred years ago and was not known to the public until after her death, until our very day, is the

mother of contemporary women poets, or rather she is their elder sister, but perennially young, intimate long before them in secret revolt. The master subject of poetry is love; women have been the beloved and men the expressive lovers. Now women are writing and singing their side of the story as lovers, lovers of men, of nature, of God, of children; they have a degree of liberty which Elizabeth Browning and Christina Rossetti did not have and they are using it with glorious, sometimes deadly, effect.

Hilda Doolittle was one of the first, and has remained the most consistently fine, of the imagists. Imagism means many things according to the poet who uses it; it means mainly the choice of the exact word to make a picture, a metaphor, the avoidance of words merely for their fine sound, the belief that rhythm and music must necessarily follow from precise vision, no matter how obscure and intricate the object of the vision. "H. D.," whose modest initials are a symbol and a vision, practiced these principles and tenets again and again with lyrical effect. Amy Lowell, the wealthy aristocrat of Brookline, Mass., more energetic and sometimes more resoundingly explosive than many of the mild wild rebels in the comfortable poverty of Greenwich Village, wrote imagist poems and other kinds; most of her passion seems to have gone into her oppositions and challenges and defenses, disputatious assertions of herself, and also generous championships and controversies in behalf of others or of quite impersonal ideas. An older woman, who was serenely unaware of any dispute, but for years quietly said what she meant in accepted forms, finding perfect freedom in employing them and obeying them, is Lizette Woodworth Reese of Baltimore. Her first book of poems was published forty years ago; her latest is as fresh as her first, and charming as the song of the youngest girl. She is classic in the shape of her verse, wise and original in the substance of it. Her best

known poem, the sonnet "Tears" (she has written many that are as good), was engraved on a bronze tablet, a tribute from her pupils. She was probably too modest to be reminded of the fifty-fifth sonnet of Shakespeare.

On the whole, women poets seek perfection of form; their experimental strivings after new modes and measures are less daring than those of men, less splashy and perverse. A woman who, like Miss Reese, paid no attention to the more recent battles in the old conflict between tradition and revolt is Anna Hempstead Branch. Her "Nimrod," antique and classical, modern and bold, is extraordinary, solitary, in that it is a long narrative in the grand manner. If it had been written in the Elizabethan age or the Victorian age (it could not have been), we should point to it as an example of how the older poets wrote with sustained power, whereas our poets are short-winded and attain only brief perfections. For some reason—nobody knows what determines the popularity of poets—Miss Branch seems to be known only to poets, critics and readers especially devoted to modern verse.

Edna Millay's first book *Renaissance* was published in 1917, but the title poem was printed in *The Lyric Year* in 1912, when she was 19, and received such instant and fervent recognition as few poets enjoy in any age. Her marvelous assurance has never left her. On its lighter side this assurance is jaunty and saucy, aware of its virtuosity. In its depths her strength is founded on the solid rock of poetry, and in those depths is sorrow; her sense of sorrow she converts with a magic which may be Celtic into something almost delightful, precious and to be cherished.

Sometimes she coddles it and sings the same tune to it. She is in complete command of the sonnet form, in which she is often too facile and merely literary. Several of her sonnets are among the best in the language. No other woman, and surely no man, ever wrote one resembling "What Lips My Lips Have Kissed."

When Elinor Wylie died, death perhaps introduced her immediately into the company of old poets with whom this modern, worldly wise woman had long lived and from whom she had nourished her singular genius; especially had she been akin to the poets like Donne, who are called "metaphysical" because their intellects and emotions are in conflict and at supreme moments are in delicate balance. Only a modern woman could have written *Sequence* with its perfect clarity and the vagueness which is inherent in the substance. Her amazing prose is always clear and shining as the surface of Venetian glass, beneath which are obscurely blended lights. Our modern poets have an uncanny power of saying dark and tangled things with brilliant perspicacity. Elinor Wylie has it, and so, for once at least, T. S. Eliot has it in *The Wasteland*. Life is a complicated, muddled affair, which the poet (and the writer of prose) makes clear if he can; he makes it for us in the English language, to which Elinor Wylie dedicated *Trivial Breath* and which she calls "that conduit whose veins are threaded with pellucid truth." American poets can be parochial, slangy, barbarous, eccentric, more defiant than Whitman, if they have the power; they have touched greatness, and are touching it at this hour, by virtue of their fundamental loyalty to the English language.

America Rewrites Her History

By DEXTER PERKINS

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IT is a familiar generalization that each generation writes history anew. It writes it anew not only because new material comes to light, but because historians, like other people, are impregnated with the spirit of their time; their notion of what is important, and their way of telling it, is inevitably affected by the standards which they see existing around them. American historical writing today is best to be understood and interpreted with this fact clearly in mind.

Our age is, of course, primarily one of science. The scientific point of view has naturally had a profound effect upon history, although the effort to be exact and careful, an essential element in all science, is not particularly new. Historians like Robertson and Gibbon made every effort to attain such an ideal in the eighteenth century; and the great American historical writers of the period before the Civil War, like Parkman and Prescott, went to original materials for their data, and sought to lay a solid foundation for their brilliant descriptions of Frontenac in Canada or Cortez in Mexico. But a great change came with the introduction of the German doctoral methods in American universities in the late 1870s and early 1880s—a change which, setting great store by scholarship, resulted in the marking out of smaller and smaller areas for investigation in the effort to attain definitiveness and exactitude. The forces thus set in operation have never been stronger than they are at the present day.

To the layman the character of

some of the current historical investigation might seem altogether too restricted. Certain it is that just as physics or mathematics has a literature which is read only by physicists or mathematicians, so history has today a literature which is read only by historians. Such a literature, however, if carefully pondered, will be seen to be an essential element of real progress in the writing of history. If the subject be genuinely related to some large and significant aspect of the past, the young scholar who investigates a narrow area with a hitherto unused thoroughness is performing an important service and may be contributing to an important new synthesis. In history, as in other subjects, not all that is written is important, and not all investigators expend their energies on tasks which have a vital relationship to the broad view, but much patient and important work is being done whose true value will appear only as it permeates the teaching of the classroom or enters into a broader type of historical writing, giving to both a new solidity and accuracy.

A second important characteristic of the contemporary history is the emphasis which is laid on social and intellectual history, as distinguished from political and economic history. In his Phi Beta Kappa address at Harvard University two years ago Governor Franklin D. Roosevelt alluded to the present era as the era of social consciousness. Certainly the scrutiny of the historian has, in the period since the World War, turned to social phe-

nomena on a scale hitherto unknown. Not that social history is a novelty; a kind of meager attention has been paid to it for many years; and as long ago as the 1880s J. B. McMaster, in his *History of the People of the United States*, introduced and emphasized social factors which, for the most part, and relatively speaking, had been neglected in American historical writing. But the tempo in these matters has been accelerated. Among the most significant events of recent years in the field of American history is the appearance of such series as *The Pageant of American Life*, a pictorial history edited by Professor R. H. Gabriel of Yale University, and *A History of American Life*, a narrative account in twelve volumes, edited by Professors D. R. Fox and A. M. Schlesinger. Both of these are concerned with American history from the Colonial period to the present day, and emphasize the social point of view—manners, education, religion and literature—in short, no single phase of American development, but the whole.

What has been done by the contributors in these important series has not stood alone. Many phases of American life hitherto neglected have been interestingly treated during the past few years. There are, for example, such works as Professor J. A. Krout's *Origins of Prohibition*, which traces the temperance movement from its beginning to the Maine law of 1851, Professor M. E. Curti's *The American Peace Crusade*, which deals with much the same period, and Professor R. E. Shryock's occasional essays on the development of the vitally important public health movement. Of a still broader scope, and of uncommon virility and power, is the late Professor V. L. Parrington's *Main Currents in American Thought*, in which the literary development of the United States is related to politics and social forces in a most interesting fashion.

American religious life has received new attention, not only for the Colonial era, in which its transcendent

importance has made it an attractive field, but also in the post-Revolutionary period. Professor W. W. Sweet's *The Story of Religions in America* gives a general review of the development of American religious history, dealing chiefly with the years down to 1860, and H. K. Rowe's *History of Religion in the United States* is a suggestive, though briefer, summary of the whole period. Numerous biographies have illuminated the careers of important figures in the history of religion—Jonathan Edwards, Lorenzo Dow, Mary Baker G. Eddy, Brigham Young, Cardinal Gibbons and many others. In religion, as in many other fields, such as architecture and education, the work of the professional historians naturally does not stand alone. But those whose main interest and whose chief angle of approach to human problems is historical study have undoubtedly enlarged their horizon more and more, and are cultivating their field of endeavor in a broader and more catholic spirit than ever before.

The period in which we live is enormously interested in economics. Here, too, the spirit of the age reflects itself in history. Long ago Hildreth, the American historian, indicated the economic aspects of the struggle over the Constitution and the formation of the early political parties; but more solidly and exactly Professor C. A. Beard developed the same thesis in *An Economic Interpretation of the Constitution* and also in his *Economic Origins of Jeffersonian Democracy*. Professor Schlesinger's *Colonial Merchants and the American Revolution* threw much new light upon the economic background of the Revolution itself. Probably emphasis on economic forces is likely to have more and more effect upon the interpretation of our politics, and economic history is likely to command increasing attention. Moreover, an interest in the field of economic biography is rapidly developing, as evidenced by new lives of important figures in the

world of business—Vanderbilt, Astor, McCormick, Rockefeller, Morgan and Gary—while at least one of the blatherskites of the period after the Civil War has been amusingly described in R. H. Fuller's biography of Jim Fisk, under the title of *Jubilee Jim*.

In the *Chronicles of America* series, with its fifty volumes covering the whole field of American history, a surprisingly large number of volumes have titles that indicate an emphasis on economic rather than on political history. Works like S. E. Morison's *Maritime History of Massachusetts* and Rudolf Clemens's *American Livestock and Meat Industry* are also illustrative of the interest in this phase of America's past. The establishment of a *Journal of Economic and Business History* is one more evidence of the development that is taking place in this field.

Not unrelated to economic history, though including other aspects of the historical scene, is the history of the West. In 1893, in his path-blazing essay on *The Frontier in American history*, Professor F. J. Turner indicated the immense importance of what had until then been a neglected field. Professor Turner tended to idealize the West as the home of the democratic and liberal spirit, but it was also the seat of riotous speculation, of lawlessness and of unbridled waste. To place it in true perspective is a challenging task for the contemporary historian. Contributions to the understanding of the process are to be found in the general survey of F. L. Paxson on *The History of the American Frontier*, and in such more special works as E. S. Osgood's *Days of the Cattlemen*, Dorothy Dondore's *The Prairie and the Making of Middle America*, and Lucy L. Hazard's *The Frontier in American Literature*.

Another aspect of our time which has expressed itself in historical writing is the aroused interest in, and changing point of view with regard to, international affairs. Only a few years

ago there appeared the most ambitious project yet undertaken in the field of American diplomatic history, the ten-volume series known as *The American Secretaries of States and Their Diplomacy*, edited by Professor S. F. Bemis. Diplomatic history is a recognized field of contemporary study, and, while much of the most important work is being done in the European field, American foreign policy comes in for a large measure of attention as well. What is particularly worth noting in this phase of the matter is the tendency toward objective judgment which is constantly making itself felt. The works of J. W. Pratt and J. F. Zimmerman, for example, alter very materially what is, I suppose, still the popular conception of the War of 1812. Instead of being a struggle for the vindication of clearly defined American rights on the high seas, that conflict becomes one in which the emphasis is transferred, at least in a measure, to the existence of a strong expansionist spirit in the United States which pushed a reluctant administration toward the acquisition of Canada and, so it was hoped by some, of Spanish Florida. The Monroe Doctrine, in the light of recent study, becomes no longer a magnificent triumph over the wicked States of Europe, plotting for the reconquest of the Spanish colonies, but a manifesto that was insignificant in its immediate influence. The legend of Roosevelt's defiance of the Kaiser at the time of the Venezuela blockade in 1902 emerges badly shattered from the devastating analysis of H. C. Hill in his study, *Roosevelt and the Caribbean*. In Walter Millis's *The Martial Spirit*, the Spanish-American War has recently come in for a historical treatment which makes it something very different indeed from the "splendid little war" that John Hay once called it.

Strictly speaking, the history of the American Revolution is not diplomatic history. But a George Bancroft would be surprised, indeed, to discover the tone in which it is treated by such

American historians as Professor C. M. Andrews and the late C. H. Van Tyne. The notion that there were two points of view, each tenable by men not irrevocably vicious in character or feeble in intellect, has penetrated American historical writing deeply, and is not now likely to be displaced.

In view of popular misunderstanding, the new viewpoint on this phase of American history deserves especially to be emphasized. There are still many persons, apparently, who misunderstand the method of the scientific historian in treating of the American Revolution. It is well that we should take pride in our national past; but it is certainly not to be desired that we should view that past through some haze of false sentiment, or twist the facts for the purpose of patriotic propaganda. The American Revolution was a landmark in the development of modern conceptions of liberty and of democracy; the historian must consider it as such; but he is not exempted from pointing out its less lovely side. He will have to point out the fact that not only did heroism and high motives inspire its leaders, but also that, like all revolutions, our own was disfigured by the acts of private violence, the political jobbery and the very human selfishness that were sometimes associated with the patriot cause, just as, on the other hand, he will seek to render justice to the best of the Loyalists. After 150 years it is surely permissible to strive to see things coolly and fairly, and not through the mists of prejudice. On this point the American Historical Association, representative of the historical interests of the nation, has spoken out with a definiteness and resolution which reflect the deepest convictions of the historical profession.

I have now spoken of social, of economic and of diplomatic history. But politics and biography retain their spell for many historians, as they do for the general public. An interesting aspect of political history is

the effort which has been made in recent years to redress the balance between the Federalist-Whig and the Democratic schools of thought. Claude G. Bowers, starting from the hypothesis that such a redressing of the balance was eminently necessary, has carried it through his three volumes on *Jefferson and Hamilton*, *Party Battles of the Jacksonian Period*, and *The Tragic Era*. To historical specialists these vigorous partisan interpretations may hardly have been necessary, but to the lay reader of history they have an undoubted value. James Ford Rhodes made up his mind some thirty years ago that the Reconstruction policy of the Republican party was a ghastly mistake; monographs such as those of W. L. Fleming and J. W. Garner, and still more the untiring scholarship of Professor W. A. Dunning, established the fact beyond dispute for the teacher of history. Yet many people seem to believe that *The Tragic Era* reveals a totally new view of the period with which it deals. The critical view of the dominant elements in American political life seems still to be needed, not because it is always sound or just, but as a corrective to the narrow and smug philosophy which accepts American political development as a process wholly noble and righteous.

Another redressing of the balance which may be included here, though it has, of course, economic and social as well as political implications, is that pertaining to the slavery controversy. Northern views of slavery have been generally patterned upon the seventy-year-old view of the abolitionist agitator upon the subject. But slavery has been subjected to careful and scholarly analysis by modern historical scholars. A key volume, from this viewpoint, is Professor U. B. Phillips's *Life and Labor in the Old South*. While no reasonable man would deny that economically and socially the South profited in the long run from the abolition of slavery, it is easier than ever before to understand that

the slave system was far from being an unmixed evil, indeed that in many cases it may well have been gentle and humane. It is still simpler to understand how easy it was even for a conscientious and benevolent Southerner to accept slavery as an inescapable necessity, and to regard the abolition agitation in the North as purely subversive of existing rights, and as tending toward anarchy.

The understanding of the Southern point of view displayed in such works as Professor Phillips's is equally evident in the field of biography. Recent lives of Jefferson Davis, such as Professor H. J. Eckenrode's, picture him sympathetically. On the other hand, R. P. Warren's *John Brown* deals with this anti-slavery zealot in a spirit very different from that of abolitionism. The plot which Brown hatched against the South is here treated as an act of monumental folly rather than as a noble martyrdom, and Brown himself becomes less a hero than a fanatic. More striking than any of these works, perhaps, in illustrating the new view is the late Senator A. J. Beveridge's remarkable biography of Abraham Lincoln. The tone of eulogy, common to most of the biographies of Lincoln, is exchanged for the note of critical analysis. Lincoln emerges as a remarkable and cautious politician—although a politician with convictions—but the whole character of the slavery controversy in its political phases undergoes a change from a crusade of righteousness against sin to a political battle in which there was a case for more than one point of view.

In biography, historical writing probably approaches nearest to popular demand. Here a number of tendencies are at work, not all of them particularly acceptable to the sober and scientific historian. One of these is the tendency toward a kind of historical impressionism. For example, a recent biography of Commodore Vanderbilt constantly quotes this gentleman in

the first person, when there is not the slightest chance of the author's really knowing what the peppery capitalist actually said. The tendency to draw upon the imagination to give vividness to what, it is feared, would otherwise be too dull a narrative, is one which cannot be regarded with sympathy, but it is here, none the less. No doubt those who practice this form of romance would justify themselves by Thucydides!

Another type of biography is also somewhat in the vogue—the iconoclastic biography. A good example is to be found in a recent life of Henry Ward Beecher. This work is heavily documented, and has the apparatus of scholarship, but its interpretation of Beecher's life emphasizes his weaknesses and makes him nothing more than a kind of clerical politician. No satisfactory answer is given to the question why a man whose life was touched with scandal nevertheless retained the enthusiastic allegiance of his congregation, or why one who, according to hypothesis, was a mere time-server, exercised so large an influence.

Works of this type, however, have, in general, not come from the pen of the professional historians. Many of the biographical works which have been alluded to, incidentally, in considering other aspects of our subject, measure up to the best canons of historical scholarship. A new series of American biographies, under the editorship of Allan Nevins, who is already well known for his numerous historical contributions, among them lives of Frémont and Henry White, will be written by scholars of solid reputation, and will, no doubt, avoid the vagaries of the impressionist and iconoclastic schools.

What is wanted in biographical writing, of course, is neither eulogy nor cynicism, but a realistic picture of the man which presents a frank description of his weaknesses and his errors, and places them in just propor-

tion to the whole. At the bottom of any really first-rate interpretation of an important historical figure must be an appreciation of the forces or personal characteristics which made the given individual influential or important. The Beveridge biography of Lincoln is a striking example of what can be done from this point of view.

Before we leave the field of biography attention should be called to a work of the largest importance which owes much to *The New York Times*. This is the *Dictionary of American Biography*, seven volumes of which have now been published, down to the name Grimké. This work, financed through the generosity of Adolph S. Ochs, will hold a place of genuine eminence in the field of American scholarship. Under the editorship of the late Allen Johnson, it set a notable standard not only for scholarship but for the literary quality of its articles. Under the present guidance of Dr. Dumas Malone, it is being carried toward completion on the same high plane. In its broad scope and wide view it will represent when finished as fine an achievement as any to which American historians have ever devoted themselves.

Obviously there is plenty of vitality and plenty of activity in American historical writing. Perhaps the main danger that confronts such writing is a danger to which Theodore Roosevelt called attention in his presidential address to the American Historical Association nineteen years ago on the subject, "History as Literature." Dealing with this subject with

his customary vigor, Mr. Roosevelt pleaded for a proper appreciation of the importance of literary values in history. The plea is one which needs to be heard, because it cannot be stated with safety at the present day that the most scholarly history is also the most readable history. Yet if the scientific historian is to discharge his full responsibility to society, he must write so that he can be read. What he says, he can be confident, will gradually make its way into the public mind. But the process would be much accelerated if he might speak more frequently than he does, to a wide audience; if, basing his work as solidly as he can upon his data, he would write upon interesting and challenging subjects in an interesting way. In the last analysis, history must have both a broad social view and a broad social purpose. It is part of the task of the historian, not necessarily to popularize the past, but certainly to make it intelligible and useful to the greatest possible number of people.

In many respects the historical profession is more aware than it has ever been before of the measure of its duty. The mighty word of Terence: "I am a man; nothing that is human do I deem alien to me," has never been more fully realized than it is today. In interpreting the richness and variety of human life, the historian will have need of bringing to the illumination of the past not only the most exact and complete knowledge but the finest literary gift which he can muster. He must be an artist.

The Super-Microscope: Latest Tool of Research

By WATSON DAVIS
Managing Editor, Science Service

SINCE the days when Leeuwenhoek first saw micro-organisms and Robert Hooke revealed the structure of common things and insects, there has been a continual improvement in the optical devices of scientists. Magnifiers now commonly found in the desk drawers of nearly every one would have been prized instruments of research when the enlarging glass was introduced into European science and society some 300 years ago. Magnifications of fifty to a hundred times were wonderful achievements for early microscopes, and even today magnifications of 1,000 diameters require careful and experienced workers and the best of instruments. About 1,800 diameters is considered the limit of ordinary attainment with the best microscopes in common use in research laboratories. With ultra-microscopes magnifications of some 5,000 diameters can be obtained, but in this technique a camera and photographic plates must be substituted for the eye, and ultra-violet light of short-wave length used instead of ordinary visible light.

Dr. Royal Raymond Rife of San Diego has recently reported the development of a "super-microscope," an instrument in which the entire optical system, illuminating unit as well as lenses, is made of quartz instead of glass. It uses polarized light, that is, light passed through crystals that stop all rays except those vibrating in one particular plane, and achieves magnifications of from 5,000 to 17,000 di-

ameters. Most important, also, is the fact that it can be operated with the human eye and need not rely on photographs. It is but natural that the Rife microscope should be used in the solution of one of the latest developments in bacteriology, the discovery by Dr. Arthur I. Kendall of Northwestern University Medical School that ordinary bacteria have an "invisible" filterable state through which they pass undetected by the conventional methods of bacteriology.

Through the cooperation of Dr. Kendall and Dr. Rife at the Pasadena (Cal.) Hospital, the new microscope was turned on the invisible form of one of the common disease germs, that of typhoid fever. For the first time there have been seen the exceedingly minute moving bodies that apparently carry the life of bacteria when they are induced to "dissolve" into forms that will pass through the pores of the finest porcelain filter and still permit the bacteria to resume their microscopically visible bodies upon suitable treatment. The typhoid bacillus used by Dr. Kendall is a fairly large germ as germs go, easily visible in its ordinary state under the higher-powered lenses of a compound microscope. By feeding it on his recently evolved "K medium," which is a food for germs like the fare they relish in the animal body, Dr. Kendall induced the bacilli in his cultures to pass over into the filterable phase, which is usually invisible. Under the highest power of the ordinary microscope, he

could see nothing moving in the field except a swarm of tiny motile points. Examined with the Rife microscope, however, these points became plainly visible as small, oval, actively moving bodies, turquoise blue in color; they are considered to be the actual filterable forms of the typhoid bacillus.

Dr. Kendall performed another and more critical test. He caught the bacilli in the act of changing from the filterable to the non-filterable phase of their existence. In "K medium" cultures of more than eighteen hours' growth only the filterable form was found, but in younger cultures he discovered full-sized unfilterable bacilli, the small turquoise blue bodies, and also peculiarly altered bacilli within whose substance the turquoise blue bodies could be seen.

The attack upon the invisible world continues on other fronts. One of the newest of the artificial eyes of man solves a double problem. It is a combination of a motion-picture machine with the microscope and is able to see how the "death whisper" operates upon small samples of living matter. The death whisper is a nickname for the intense and inaudible sound waves that break down and kill living cells. These waves are set up by subjecting specially cut quartz crystals to extremely rapid electric oscillations.

Their deadliness to living cells was discovered accidentally by Professor R. W. Wood, physicist of Johns Hopkins University, in the course of some experiments in submarine detection during the war. Later he and his friend, Alfred L. Loomis, banker-scientist, of Tuxedo Park, N. Y., investigated the death whisper and found it deadly to lower organisms, even those as complex as tadpoles and little fishes. Professor E. Newton Harvey of Princeton University has also aided the research.

At first the experiments were conducted crudely, and the scientists could see the result but not the means. Mr. Loomis and Professor Harvey finally devised a method of mounting

the crystals on the stage of a microscope and laying small samples of living stuff of various kinds, small clumps of cells, on top of them. Looking down the barrel of the microscope they could be "in at the kill" when the dance of death was turned on. But the dance was violent and the end was sudden, too fast for the human eye to follow. It was obviously necessary to split up these sudden events into fractions of about one two-thousandth of a second each in order that each stage of the destruction might be studied. There was needed some sort of ultra-rapid movie camera that would take ultra-slow motion pictures. In one respect their problem was simpler than that of the high-speed motion-picture camera. They did not need continuous pictures; they wanted only a series of "stills." So they decided that instead of pulling a long film behind a stationary lens while a shutter blinked off and on, they would hold the film still and move a part of the lens system, spotting each exposure on a fresh place on the film.

For the camera box they used an ordinary round film can and laid a piece of unexposed film around its inside circumference. The microscope object glass was inserted in a hole cut in the centre of the bottom of the can and a right-angled glass prism was mounted on the inside of the lid to bend the image and reflect it on the photographic film. To move the image between exposures, the scientists arranged that an electric motor mounted on the top of the lid would spin the prism. Instead of shutter and a steady light, a rapidly flashing light was used, a mercury vapor lamp, which reacts in two-thousandths of a second and gives the bluish actinic light that affects strongly the photographic emulsion. The row of switches to this light, in the form of contact buttons swept by a wire, was mounted on the shaft that rotated the photographic film. The lamp was flashed on and off automatically and as a result a series of micro-photographs was obtained.

Current History in Cartoons



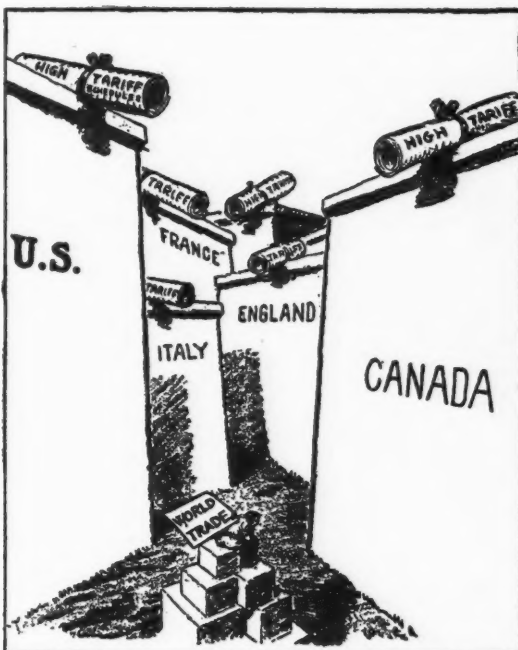
HE FINALLY DECIDED TO TRY IT

—Kansas City Star



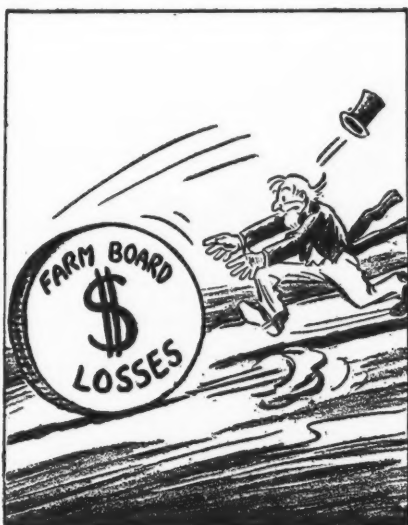
**BORAH SCARES POLAND
WITH THE CORRIDOR
GHOST**

—Kladderadatsch, Berlin



**WARFARE THE UNITED STATES COULD
STOP**

—Brooklyn Daily Eagle



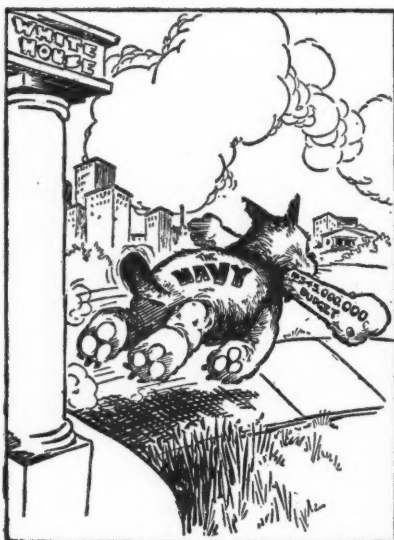
THAT REVOLVING FUND

—Boston Transcript



**"I ALWAYS THOUGHT THERE WERE
TWO BAGS"**

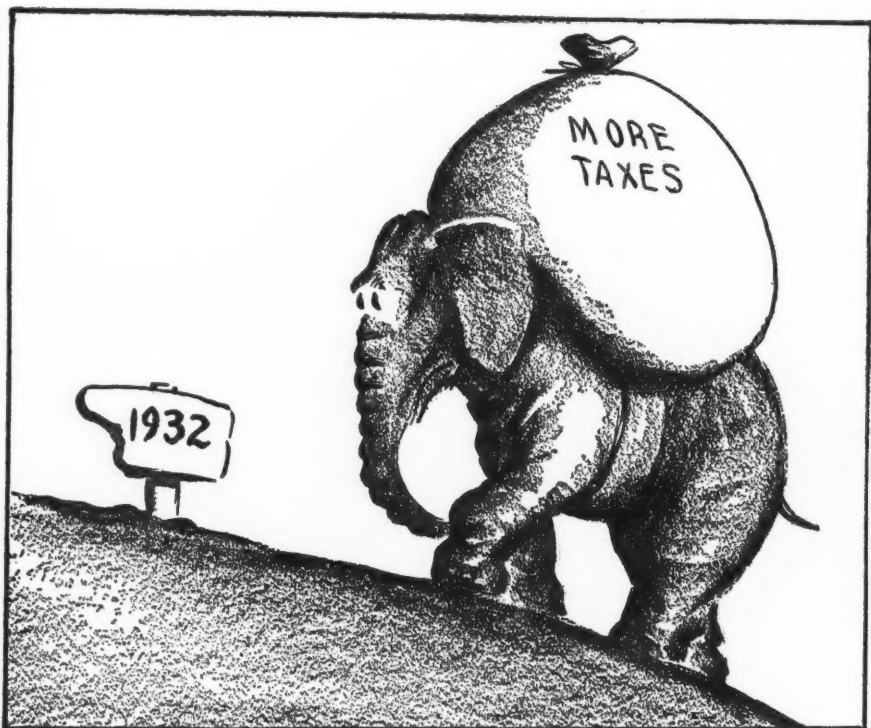
—St. Louis Post-Dispatch



HE WON'T STARVE, AT LEAST
—Philadelphia Inquirer



TIMES HAVE CHANGED
—Philadelphia Inquirer



AN UPHILL RACE

—St. Louis Post-Dispatch

A Month's World History

The International Outlook

By JAMES THAYER GEROULD

Princeton University; Current History Associate

THOUGH the international outlook, as 1931 draws to a close, is far from reassuring, the attention which Americans have of necessity found themselves devoting to the outstanding unsolved problems of the present time has undoubtedly had one highly valuable result—it has advanced the education of America. The chief effect, for instance, of the visits of the Premier of France and the Foreign Minister of Italy was educational. For two months the newspapers were able to feature comity in international relations, because the visitors gave it news value. It was not propaganda of the ordinary sort—nor high pressure publicity; but there can be no doubt that American opinion is much more ready for cooperation in international affairs, and if need be for concession, than before M. Laval and Signor Grandi came.

During the period of our highly advertised prosperity, we were able to view the plight of Europe with a certain detachment, not to say self-satisfaction. We were not as other men are. We were sorry for the foreigners, of course, but we reflected that the situation was their own fault—and turned to the stock quotations to learn today's price of General Motors. When

the balloon burst and landed us with distressing violence on the earth—and a large number of us on the rocks—it took quite a long time to recover from our astonishment. Slowly we are coming to realize that we live in the world, not solely in the United States; and that, however unfortunate may be the fact, we cannot escape the effect of the forces that have resulted in misery more widespread, if not so poignant, than was that of the war. Our geographical isolation and our parochial daily press make these ideas slow in penetration. We needed something spectacular to call them to our attention. Very definitely the visit of the foreign statesmen has done this.

Although the joint statement, issued on Nov. 19, purporting to record the results of the conversations between Mr. Hoover and Signor Grandi, was a monument of diplomatic indefiniteness which defies any attempt to read into it anything that is concrete, it served its purpose. The important thing was that Signor Grandi was here and was heard over the radio, and that Signora Grandi shopped at Woolworth's and was photographed with a baby in her arms at the Columbus Hospital. It caught the popular imagination, and made it much

easier for the Congressmen from the Second District to vote, when the time comes, for war debt revision; and it acted as a sound absorber for the roar of Senator Johnson.

The indefiniteness of the official statement was by no means characteristic of the speeches made by Signor Grandi before the Council of Foreign Relations and the Foreign Policy Association. Both were admirable from every point of view, carefully reasoned, clear, statesmanlike, and devoid of any excessive nationalism. He discussed the necessity for a more general understanding of the community of interest among the nations and for common attack on their economic and financial problems. He favored a revision of reparations and expressed the willingness of Italy to accept a "definite and proportional sacrifice for the common good." Security, he said, is a result rather than a condition of disarmament, for armaments breed distrust and fear. Italy is willing to reduce hers to the lowest level provided "an equitable balance of military strength can be reached." She cannot accept, however, the theory of "absolute needs" advanced at the London conference. As for the coming disarmament conference, he will be "satisfied if it succeeds in stopping the competition in armaments and in making a first step toward reduction."

Signor Grandi sailed from New York on Nov. 27, leaving behind him an impression of absolute sincerity and genuine statesmanship.

The return of Premier Laval to Paris, after his visit in Washington, enabled active discussion of the various international financial obligations of Germany to be reopened. For ten days the French and German Governments jockeyed for position. The Germans maintained that the examination of their financial situation for which they are seeking must cover the whole field—reparations under the Young Plan, interest on public and

private long-term loans and the short-term credits which must be renewed in February. This proposal met with no favor in Paris. The German Government, the French maintained, had freely accepted certain obligations in agreeing to the Young Plan and it was impossible for them to consider any project which involved or might involve an abrogation of the unconditional annuities. The compromise finally reached was incorporated in the note dispatched to the Bank for International Settlements on Nov. 19:

"The German Government herewith proposes that the Bank for International Settlements convoke a special advisory committee as provided in the Young Plan of The Hague agreement of Jan. 20, 1930." The note then goes on to recite that early in 1931 the government had become convinced that "despite the greatest possible reduction of State expenditures and repeated increases in taxation," it was unable to continue the payment of annuities under the Young Plan. This decision was followed in June by the Hoover proposal of a moratorium for one year on the payments on all war debts and reparations, the London conference in July, the Basle credit maintenance agreement and report of the Wiggin committee. All the arrangements thus far made are provisional and temporary in character, and in the meantime the situation has become extremely acute. "The world has come to realize more and more the inner connection between the different financial problems caused by the present situation and the necessity for attacking them as a whole." The appointment of the committee proposed would be the first step toward the establishment of broader general measures, on the part of governments, which would lead to a permanent settlement. The German Government certifies, in accordance with the provisions of the Young Plan, that "Germany's exchange and economic life may be seriously endangered by further transfers in part or

in full of the postponable portion of her annuities." This declaration does not, however, fully meet the situation. Since the Young Plan was prepared there has been an unprecedented crisis and it is now necessary for the committee to "examine the problem in its entirety with due consideration for all the component factors, and especially to take into account that the question of Germany's private indebtedness must be newly regulated in good time before the end of February, 1932, and this by means of an agreement to be concluded between foreign creditors and German debtors."

The committee, consisting of Signor Beneduce of Italy as chairman, Charles Rist of France, Emil Francqui of Belgium, Sir Walter Layton of Great Britain, Carl Melchior of Germany, Walter W. Stewart of the United States and Mr. Nohara of Japan, held its first meeting in Basle on Dec. 7. Four additional members, E. Bindschaedler of Switzerland, H. Colijn of Holland, Otto Rydbeck of Sweden and George Durich of Yugoslavia, were designated at this session. It was understood that the committee had only consultative functions and that its action must be followed by an official conference, with power to commit the governments to definite action. The momentous character of the decisions that this conference must reach can hardly be overestimated. If political considerations prevail, if the governments, or any of them, insist on their pound of flesh, on a rigid adherence to the formulae on which thus far their action has been based, and there is no compromise, the future is very dark indeed.

In order to understand the negotiations that are to follow, certain facts must be kept in mind. Germany has foreign obligations, in reparations amounting to about \$9,000,000,000, in long-term loans about \$6,000,000,000 and in short-term borrowings about \$2,000,000,000—a sum now esti-

mated at nearly \$3,000,000,000. While a fraction of this money has doubtless been spent unwisely the vast majority of it has gone into the re-establishment of the industrial plant, on the product of which the payment of reparations is conditioned. Deprived of her foreign market by the mania for nationalistic tariffs and of her liquid capital by inflation, she was compelled to borrow. The interest rates were high, and American and British bankers offered her money with both hands. Even after bonds could no longer be sold they competed with each other in offering short-term credits. When the crash came these credits formed a large part of the working capital of Germany and its withdrawal spelled ruin, only averted by the Basle agreements. Germany now seeks freedom from reparations, which she regards as tribute forced from her by an unjust treaty, and the transformation of her short-time credits into long-term bonds. At the least she desires that the payment of interest on her foreign loans should have precedence over reparation payments. She argues that if reparations are paid the interest cannot be, her foreign credit will disappear, and with it all possibility for paying reparations.

France bases her whole system of European leadership on the Versailles Treaty; and the reparation payments are necessary if she is to meet her own foreign obligations. She argues that if treaty obligations are not to be held sacred the whole structure of international relations will fall. Her investment in German securities is insignificant, and she contends that those of Great Britain and the United States were ordinary speculative risks, second mortgages of a sort and subject to the first mortgage which she holds. If the Germans are in trouble it is their own fault. French memories of suffering during the war are very keen, and no doubt a desire for revenge plays its part. Only very recently has

France felt economic distress; but that now reinforces an intellectual conviction that she cannot allow Germany completely to be ruined. The present French Government undoubtedly desires economic rapprochement.

Great Britain is only interested in reparations in so far as they enable her to meet her own foreign obligations. She has always been ready to scale the one with the other. Her investments in Germany are large, and it would be a catastrophe if they should be lost. She prefers precedence for the private obligations and has very little affection for the Versailles Treaty, but she realizes that she cannot afford to break with France.

Our own position is well known. Hardly a ghost of respect is now paid to the doctrine that war debts and reparations are not related, and early in December Walter W. Stewart was boldly appointed by the Federal Reserve Bank as a member of the special advisory committee of the Bank for International Settlements with no trace of the subterfuge that marked Mr. Wiggin's appointment no longer ago than last July. We now recognize that if reparations are cut the war debts must be. If they are not cut we are likely to lose heavily on our foreign investments. We still cling to the formula "capacity to pay," though that, too, is likely to be severely strained during the next few months.

The major problem of German indebtedness has almost eclipsed in interest the work of the Franco-German Economic Commission set up as a result of M. Laval's visit to Berlin. Its initial sessions were held in Paris during November. Immediate results are not to be expected, and many of its plans must await a determination of the financial obligations of Germany. The commission aims to explore the possibilities for economic cooperation in air, water and railroad transportation, in the exploitation of foreign markets, in the extension of cartels

and trade agreements. Its discussions have been completely without rancor, and excellent progress has been made.

The prospects for a successful disarmament conference are far from good. The feeling is almost universal that the conditions under which it must meet are most unfavorable and that it would be wise to postpone its sessions until more normal times. As yet no one of the nations has been willing to assume the onus of suggesting a later date. The official attitude everywhere is that there is to be no delay. Delegations are being selected, preparations are being made. Prime Minister MacDonald will lead the British delegation, Dr. Bruening the German, M. Laval the French, Signor Grandi the Italian. If Secretary Stimson should appear for a time as the leading American delegate he would soon have to be replaced by one of the other members, as the sessions will undoubtedly be prolonged. The chairmanship of the conference still lies in the hands of Arthur Henderson, Foreign Minister in the late British Labor Government, who was selected as an individual rather than in his official capacity. Since he is now scarcely on speaking terms with Mr. MacDonald, a very awkward situation is created. According to present arrangements, the conference is still due to take place in February.

Great difficulty continues to be experienced by the League of Nations in bringing about a compromise to end the conflict in the Far East. The account of the negotiations at Paris, printed on pages 507-512 of this magazine, is an exhibition of infinite tact and forbearance, the only result of which thus far is that the trouble has been limited within narrow bounds. That in itself is something. If the civil government in either Nanking or Tokyo had any effective control of the armies which are supposed to represent them, the situation would be a very different one. In case after case the troops have advanced after an

agreement that they would not move, and the government has been compelled to justify the action after the fact. The failure of our government to give effective cooperation to the League Council is a fact that cannot be denied, and it throws on us a heavy responsibility. Ambassador Dawes, to be sure, has been in Paris; but, as one of the correspondents has put it, he does not dare to cross to the left bank of the Seine lest he be accused of too near an approach to the League. He has been in frequent conference with the Chinese and Japanese representatives, but he has kept aloof from the other members of the Council, and they never know how far our govern-

ment will go along with them. Secretary Stimson, despite his promise of complete cooperation, has allowed it to be known that he would support no sort of compulsion or demand on either Japan or China. As a result, he has very largely nullified the effect of M. Briand's efforts to bring about a settlement. What might be the result of more vigorous action is well illustrated by the incident on Nov. 28, when a private utterance of the Secretary to the effect that the Japanese Army had "run amuck" was reported as an official statement, and immediately officially denied. The Japanese papers raged, but the advance on Chinchow was halted.

Mr. Hoover Faces Nation's Problems

By E. FRANCIS BROWN

Associate Editor, Current History

THE annual Presidential message reviewing the trials and tribulations of these United States was sent on Dec. 8 to Congress where its reception, as in the nation at large, varied according to the political and economic interests of those who listened to its reading or later had occasion to read it themselves. The message was notable for three reasons: it was introductory to specific messages which were to follow, notably in regard to the budget and foreign relations; it was extremely specific on matters to which the President is opposed; its proposals for restoring stability in the economic life of the country were based upon an assumption that the happy days before 1929 were in themselves normal and stable. This desire to restore former prosperity and property values has been apparent in the President's earlier proposals for alleviating the present national distress; it is a philosophy with

which many professional and lay economists disagree. (See the article, "Flaws in the Hoover Economic Plan," on pages 525-531 of this magazine.)

The President's message was not entirely a message of despair, for he has found hope even in these weeks and months of depression. Nevertheless, he was forced to point out that "the chief influence affecting the state of the Union during the past year has been the continued economic disturbance. Our national concern has been to meet the emergencies it has created for us and to lay the foundations for recovery." After reviewing briefly the national defense, foreign affairs and the general domestic situation, the President turned to the measures which he proposed for the stimulation of economic recovery. Admitting that "speculation, inflation of securities and real estate, unsound foreign investments and mismanagement of financial institutions" were some of

the causes of our present difficulties, he declared that "our self-contained national economy" would have recovered long since had it not been for "the continued dislocations, shocks and setbacks from abroad." This being so, the President maintained that "if we can put our financial resources to work and can ameliorate the financial situation in the railways, I am confident we can make a large measure of recovery independent of the rest of the world."

"The first requirement of confidence and of economic recovery," said President Hoover, "is financial stability of the United States Government." In this regard he pointed out that during the fiscal year ended on June 30, the government incurred a deficit of \$903,000,000 (the deficit for the five months between June 30 and Nov. 30 was \$858,743,000). Despite large economies the national debt during the year increased about \$1,711,000,000. As a result the President advocated temporary tax increases to cover part of the deficit—the remainder to be met by borrowing.

Specific tax increases were recommended in the President's special budget message on Dec. 9. At the same time Secretary Mellon's annual report was made public. Outstanding among the proposed taxes were increased rates of taxation upon private and corporation incomes, higher taxes on amusements, on tobacco products, and new taxes upon the manufacturers' sales of automobiles, tires and accessories, radios and phonographs, upon checks and drafts, certain telephone, telegraph and cable messages, and upon realty conveyances. An increase in postal rates was also recommended. In most essentials the proposals meant re-enactment of the 1924 revenue act. It seemed most unlikely that the President's proposals would become law without many drastic changes. With the Democrats in control of the House, observers believed that a Democratic plan would be in-

troduced which in most essentials would ignore the program set forth by President Hoover and Secretary Mellon.

For relief of the banking structure of the country—to which the President has already devoted considerable attention—various proposals were put forth in the annual message: (1) Subscription of further capital by Congress to the Federal Land Banks; stabilization of the bonds of these banks through outside support of the banks; provision for distribution among depositors of at least part of the deposits of closed banks; (2) establishment of home-loan discount banks, a proposal which was made on Nov. 13 for the purpose of putting life into stagnant mortgages on homes and farms used for farm purposes, and which at that time received warm endorsement by the national conference on home ownership and housing; (3) establishment of an Emergency Reconstruction Corporation similar to the former War Finance Corporation to which the treasury would be authorized to subscribe some capital and which would make credit available to facilitate exports and for agricultural agencies, and which would make temporary advances upon securities of certain industries, railways and financial institutions which at the moment are unable to obtain credit; (4) extension of the eligibility provisions of the Federal Reserve act—a proposal made on Oct. 6, which, at first receiving general approval, has since been opposed by the Federal Reserve Banks themselves; (5) establishment of a sounder banking system.

The President's message, like those of so many of his predecessors, ranged over a wide field. Referring to the railroads, he recommended "proper consolidation" in order to reduce operating costs and declared that the prosperity of the roads "is interrelated with the prosperity of all industries." He advocated study of the anti-trust laws, not in anticipation of their repeal but rather of their revision in the

light of economic change. Coming out specifically against "any direct or indirect government dole," the President advocated unemployment relief through rehabilitation of the general economic structure—a program not likely to appeal to those at present out of work or to their spokesmen in Congress.

Among the subjects requiring legislative action, the President listed Muscle Shoals, interstate electric power, the Shipping Board (which the President recommended should be transferred to the Department of Commerce), the administration of building public works, law enforcement and improvement of inland waterways and harbors. The President expressed opposition to any further expenditures for veterans' relief until the nation had emerged from its present situation, thereby disappointing the hopes of many ex-soldiers.

In a period of distress which many people attribute in part to protective tariffs, there was disappointment that the President could declare: "I am opposed to any general Congressional revision of the tariff." Yet in this regard, it must be said, even the Democrats appear loath to tinker with the tariff until business conditions are improved.

An outstanding omission in the President's annual message was any mention of prohibition. The elections of the past year have strengthened the anti-prohibition forces in both the House and the Senate and it now seems likely that a vote on prohibition will be taken in the present Congress. At any rate the leaders of both houses have promised such a vote, although it may well be that prohibition will be forgotten momentarily during the strenuous session which lies ahead.

President Hoover's special message on American foreign policy was sent to Congress on Dec. 10. Although the message was primarily to ask Congress to ratify the one-year moratorium on intergovernmental debts

which was proposed by the President last June, the whole field of American foreign relations was covered. In urging ratification of the moratorium proposal the President said: "I am suggesting to the American people that they be wise creditors in their own interest and be good neighbors."

In regard to reparations and international debts the President reiterated the well-known American position, saying: "Reparations is necessarily wholly a European problem with which we have no relation." "I do not approve," he said, "in any remote sense of the cancellation of the debts to us." On the other hand, he pointed out that it is clear that "a number of the governments indebted to us will be unable to meet further payments to us pending recovery in their economic life." To meet this situation the President recommended the revival of the World War Foreign Debt Commission to deal with problems which will arise from intergovernmental debts during the present crisis.

The President's message then reviewed the efforts made toward disarmament—including the present one-year armament truce—the Manchurian situation, the visits of Premier Laval and Foreign Minister Grandi, the treaty negotiations relating to the St. Lawrence waterway, and our relations with Central American and South American States.

Among the treaties and conventions now pending which the President urged the Senate to approve is the protocol providing for the adherence of the United States to the World Court. Once again he advocated that the United States join the court, since "for over twelve years every President and every Secretary of State has urged this action as a material contribution to the pacific settlement of controversies among nations and a further assurance against war."

The Congress, which with mixed sentiments listened to the reading of the Presidential messages, had convened

on Dec. 7. For the first time in twelve years the Democrats were able to organize the House, electing John N. Garner of Texas to the Speakership by 218 votes out of the 430 that were cast. Through recent Democratic victories in Texas and New Jersey, the party holds 219 seats in the House. The Republicans have 214, Farmer-Laborites 1, and there is still one vacancy. Henry T. Rainey, Representative from Illinois, is the new Democratic floor leader in the House, while Bertrand L. Snell of New York, after defeating Representative John Q. Tilson of Connecticut for the post, is floor leader for the Republicans.

Organization of the Senate was delayed as a result of Insurgent opposition to the election of Senator Moses to his former post as president pro tempore. The stand against Senator Moses will undoubtedly prove a test of the strength of the Insurgent bloc and for that reason may have considerable effect upon Senate action during this session.

The attitude of Congress toward the President's program for relief in the present crisis of course could not be prophesied. There has been talk of a party truce until the President's emergency program has been enacted, but any one familiar with previous American history will be skeptical that such a truce can last long. While measures for relief of the Federal Treasury must be enacted and steps must be taken looking toward the restoration of stability in the general economic structure of the nation, it must be remembered that even a national crisis cannot divert the minds of Congressmen from the coming national election and from the probable effect upon their own particular fortunes of any action taken during the present session of Congress.

PRESIDENTIAL PROSPECTS

With the Presidential election looming ever larger on the horizon, the nation has begun to show interest in straw votes and to discuss political

prospects. The renomination of President Hoover by the Republicans seems a foregone conclusion in spite of Senator Hiram Johnson's invitation to the President to retire as the party's candidate, thus earning "the undying gratitude of the rank and file of the Republican party." Vice President Curtis on Nov. 30 announced that he would accept the renomination if it is offered to him. Meanwhile, there was some talk of running Ambassador Dawes for Vice President and rumors that he might even be chosen as the Republican candidate for President—rumors which Mr. Dawes immediately denied. Among the Democrats three candidates for the nomination appear prominently—Governor Roosevelt of New York who, rumor has it, is not favored by the party's leaders; Governor Albert C. Ritchie of Maryland and Newton D. Baker, Secretary of War in the Wilson Administration.

THE BUSINESS OUTLOOK

The general economic condition of the country during November continued in the path of lower indices of business activity and security values, and with a constantly increasing burden of unemployment. In spite of optimistic reports from certain sections of the country at the beginning of November and speeches from public men which asserted that "the United States is at last emerging from its economic depression," general surveys of the nation gave little support to these words of hope. Although business failures in November, according to R. G. Dun & Co., declined from 2,362 in October to 2,195, this was an increase of 8.1 per cent over November, 1930. The value of exports from the United States for October increased \$25,000,000 over September, but the total of \$205,000,000 for the month was a drop from \$326,896,000 for October, 1930. The reports for October business sounded the same monotonous note to which the country is becoming accustomed—lower levels. *The Annalist* index of business activ-

ity declined from 70.6 for September to 67.2 for October; the index for October, 1929, was 105.7. Another unpleasant indication of business conditions was seen in the decline in the amount and number of dividend declarations. Disbursements to stockholders in November, 1930, totaled \$483,574,033 for 983 companies; in November, 1931, the total was \$377,694,401 for only 853 corporations. Although few figures were available for November business, on Dec. 10 there was no indication that when they should be made public the result would be any more cheerful.

The annual report of the Secretary of Commerce presented a detailed picture of the decline of American economic activity during the fiscal year ended June 30, 1931. Industrial output for the year fell 20 per cent below that of the fiscal year 1929-30; factory employment declined 18 per cent during the year; payrolls fell 25 per cent; exports dropped 34 per cent, and the cost of living reached a level about equal to that of 1923. But however valuable this report of the Secretary of Commerce may be to the future historian, it was already so far behind actual conditions when it was made public on Nov. 29, 1931, that one was forced to seek elsewhere for an understanding of the situation facing the nation.

The condition of the country's banks, as far as the public is let into the secret, improved slightly during November. Bank failures which set a month's record during October, with 512 closings, involving deposits of \$566,686,000, declined perceptibly in November. The drain on the gold reserves of the country which reached record proportions during October was halted in November, giving foreigners, at least, new and absolute confidence in the soundness of the dollar and the American banking system. A report on Nov. 16 by J. W. Pole, Controller of the Currency, announced a decrease of \$2,632,619,000 in the resources of

national banks for the year ended Sept. 29. A survey of the American Bankers' Association published on Nov. 15 showed a decline in the nation's savings deposits of \$270,085,000 for the year ended June 30, 1931. The \$67,000,000 increase in deposits in the Postal Savings System during October was explained by postoffice officials as the result of bank failures which left many communities without adequate depositories for savings.

PLIGHT OF THE RAILROADS

A discouraging feature of present conditions is the steady decline in the value of securities, both stocks and bonds. Weakness has been most pronounced in railroad offerings, formerly the gilt-edge items in most portfolios. This decline, of course, is a reflection of the precarious conditions in which the roads find themselves as they enter upon the third year of hard times. The net operating income of 171 Class I railroads for the first ten months of 1931 was \$472,306,000, a drop of 38.9 per cent from the same period in 1930 and an indication that the total for the year would be the lowest in more than a decade. On Dec. 1 the Wabash Railroad, with 2,237 miles of track, was placed in the hands of receivers.

Meanwhile the roads were struggling with their problems. The decision of the Interstate Commerce Commission on the plan for consolidating the Eastern roads which was proposed on Oct. 3 (see December *CURRENT HISTORY*, pages 433-434) was still awaited. The plan offered by the commission for an increase in railroad rates upon certain commodities and for a pooling of the revenue from these increases to aid the weaker roads met generally with opposition from railroad executives. On Nov. 19 the roads in a petition to the commission proposed certain modifications which would substitute "loans" for "gratuities" to the weaker lines. The petition included proposals for certain rate changes and classifications and

for a Railroad Credit Corporation which would collect the contributions from the roads and distribute advances to roads which need them. The plan provided that loans should not be made to roads already in default. Loans would be repaid to the Credit Corporation before the carriers receiving them should declare dividends to their stockholders except where dividends were a fixed charge whose non-payment would mean default.

The reply of the commission on Dec. 7 sanctioned this proposal of the railway executives. The fund to be administered by the corporation, it was estimated, would be between \$100,000,000 and \$125,000,000—the result of the specific rate increases suggested by the Interstate Commerce Commission on Oct. 20 in its reply to the railroads' plea for higher rates. By the commission's decision of Dec. 7 the railroads are "free to apply in the premises their own loaning plan." As the sanction was given without any condition or restriction, the roads may benefit individually from the increased rates even if enough carriers do not assent to the credit corporation idea. In other words, the commission seems to have abandoned its former recommendation that the roads pool the revenues from increased rates and distribute them among the carriers which are incapable of earning their fixed charges.

During November the movement for a 10 per cent cut in railway wages was under way as one means of reducing the expenses of railroad operation. On Nov. 19 a national conference of railway presidents and union heads was opened in New York City to discuss employment, wages, operating rules and so forth. After four days of discussion and debate the Railway Labor Executives' Association rejected the proposal for a voluntary 10 per cent reduction in railroad wages. As a result the railway presidents on Nov. 25 issued what amounted to an ultimatum, declaring in the words of F. W. Leamy, vice president of the

Delaware & Hudson, that "if the attitude of labor toward a voluntary reduction is negative, the presidents have no alternative but to undertake a reduction in wages under the procedure provided by the labor provisions of the transportation act." On Dec. 7, the general chairmen of the railway labor unions, representing 700,000 railway workers, met in Chicago to consider the proposal of the railway presidents for wage cuts. Many leaders attended the meeting with hostile sentiments toward any attempt to reduce wages for the purpose of providing money to pay dividends.

THE UNEMPLOYMENT BURDEN

The problem of unemployment and of unemployment relief continued through November to occupy the nation's attention. On Nov. 17 the monthly survey of the American Federation of Labor estimated the number of unemployed at 6,200,000 and, a week later, President William Green, declaring that unemployment had reached a new peak, predicted that 7,500,000 people would be out of work by January. One encouraging sign was that unemployment for November increased no more than is usual at that season, even during prosperous years. For a specific decline in labor force one may take the railroads, which on Sept. 15 employed 1,254,280 persons—15.59 per cent less than in 1930 and 28.24 per cent less than in 1929.

Proposals for remedying such an appalling situation have been numerous—a shorter working-week, unemployment insurance and construction of public works. But for the moment the widely advertised specific has been relief funds raised from governmental appropriations and from private sources. The drive for funds by the National Association of Community Chests and Councils which ended on Thanksgiving Day raised vast sums; 131 cities reporting at that time had raised a total of \$45,694,387. The

total for the country was still unknown, but in any case will be only a slight proportion of the entire amount needed. A report of the Russell Sage Foundation quoted by Governor Pinchot of Pennsylvania on Nov. 30 showed that during September private charity provided for only 23 per cent of unemployment relief. Even the funds expended on public works by the Federal Government as its part in unemployment relief is not as great as is often supposed. On Nov. 10, it was shown that the total of \$1,559,123,000 to be spent by the government for relief between Jan. 1, 1930 and June 30, 1932 is only \$122,000,000 above the figure for normal expenditures.

Other measures for combating unemployment ranged from an experiment in communal living reported in Oklahoma to the spectacular "hunger march" to Washington staged by the Communists. For nearly a fortnight before the convening of Congress, press reports from the Eastern and Middle Western cities told of the plans for an unemployed "march"—actually they traveled in motor trucks. On Dec. 7 about 1,600 of the marchers paraded in the capital city and attempted unsuccessfully to present petitions to Congress and to President Hoover for Federal guarantees of employment and for national unemployment insurance.

TRAGEDY OF THE COAL FIELDS

During November labor troubles in the Kentucky and West Virginia coal fields again were in the limelight. The situation in the Harlan coal fields of Kentucky received much attention because of the visit of the novelist, Theodore Dreiser, and his committee of investigators, and because of the trial of several miners at Mount Sterling, Ky., for the murder of a deputy sheriff last April. Dreiser arrived at Harlan, Ky., early in November and immediately began to hear testimony in regard to conditions in the district. The results of his three-day stay in the Harlan area were varied. Dreiser

was indicted by a Bell County (Ky.) grand jury for misconduct with a woman at a hotel while investigating conditions among the miners; he was indicted for violation of Kentucky's criminal syndicalism law by the Bell County court; he himself, while denying both these charges, proclaimed to all who would listen that in the Harlan fields children were dying of starvation and miners were killing and being killed. To the impartial observer it was obvious that conditions in the coal areas were a tragic commentary on American life, while any familiarity with American labor history suggested that the charges against Dreiser might well be only a convenient smoke screen.

The trial of the Harlan miners for murder arose from the disorders in the mines of Southeastern Kentucky in the Spring of 1931. William Burnett, the miner accused of the murder of Deputy Sheriff Jesse Pace on April 17, 1931, admitted that he shot at Pace, but in self-defense, after Pace had opened fire upon him. On Nov. 21 Burnett was acquitted. The next day another trial opened to hear the indictments against ten miners for the deaths of four men in a fight between deputy sheriffs and miners on May 5. The trial was filled with testimony that exposed the misery and brutality of conditions in the mine area. W. B. Jones, Harlan mine union secretary, who was charged with murder and conspiracy in connection with the labor fight on May 5, was, on Dec. 10, convicted and sentenced to life imprisonment.

The West Virginia coal fields present no less a tragic story than those across the border in Kentucky. Ruinous competition in the bituminous coal fields of the United States has placed the entire industry in a precarious economic condition (see article by S. A. Hale in September *CURRENT HISTORY*). One result has been the reduction of miners' wages below the minimum of subsistence. Wages are better in some fields than in others,

but in many mining camps of West Virginia the miners' standard of living is comparable to that of 1893. Strikes to raise wage rates have proved fruitful only in causing bloodshed, starvation and continued misery.

The one ray of hope in the bituminous coal industry was the agreement of the operators on Dec. 4 to further a stabilization plan. The plan proposed the merger of some coal properties and the formation of certain regional sales agencies which will sell soft coal at a uniform price and thus eliminate cutthroat competition. But the plan still has to be adopted by operators in the soft-coal districts throughout the country.

STABILIZING METAL INDUSTRIES

Bituminous coal, however, is not the only extractive industry which has been forced to take stock of itself because of the depression. After several weeks of informal conferences in New York between the copper producers of the world—weeks in which hopes for an agreement curtailing output were often despaired of and during which the price of copper reached its lowest level in the history of the American market—limitation of production seemed a likelihood by early December. The leading producers appeared to be willing to support an arrangement which would curtail the output of their mines to about 26 per cent of capacity. Meanwhile, Western Senators planned to urge a tariff on copper during the present session of Congress.

Silver, no less than copper, has felt the pinch of hard times and of changing ways. For some time there has been talk of an international agreement for selling silver which would raise the price per ounce to a point at which mining can be profitable. On Dec. 4 a resolution was adopted at a conference of members of the American Mining Congress in favor of curbing the production of silver. Meanwhile, an export sales agreement has been drawn up between American pro-

ducers and the Indian Government which it is hoped, upon ratification, will raise the price of the white metal. Senator Pittman of Nevada is an advocate of an international agreement which will prevent the disposal of silver coins as bullion, thus disrupting the regular supply in the silver market.

AGRICULTURE AND THE FARM BOARD

The outstanding episode in the agricultural world during November was the attack upon the Federal Farm Board and its policies which was opened by James M. Beck, Representative from Pennsylvania, on Nov. 10. Mr. Beck's characterization of the board as "bureaucracy in its most indefensible form" was assailed the next day by James C. Stone, chairman of the Farm Board. Two weeks later the transactions of the board were revealed to the Senate Committee on Agriculture. It was disclosed that up to June 30, 1931, the board had purchased \$270,204,303 worth of wheat at an average price of 81.97 cents a bushel; on June 30, it owned 257,136,571 bushels. The board through the Cotton Stabilization Corporation still owned on June 30, 1,310,789 bales of cotton, bought at an average price of \$81.48 a bale. It was estimated on Nov. 24 that the board's losses on the basis of present cash prices might be as high as \$177,000,000. As the Senate inquiry of the Farm Board continued, considerable criticism developed from the disclosure of the salaries paid by the board to the officials of its various marketing organizations.

The hopes of improved conditions in agricultural areas which were aroused in late October by sudden increases in the price of wheat were short-lived. The advance in wheat prices failed to continue; prices even fell somewhat. Meanwhile, droughts in the Winter wheat belt of the Middle West were damaging crop prospects; rains in the Southwest in mid-Novem-

ber aided that section, although causing a decline in grain prices which had been bullish when the droughts seemed to promise poor crops in that region. Low prices broke up tobacco auctions in Kentucky early in December. In the South the movement for a 50 per cent cotton acreage cut continued.

THE NAVAL PROBLEM

The quarrel between President Hoover and the Navy League which has been in progress for six weeks or more (see December CURRENT HISTORY, pages 428-429) seemed likely to be aired in the halls of Congress when on Dec. 7 the league called upon Congress to investigate President Hoover's "entire conduct of our naval affairs." The Navy League in repeating its attack upon the committee which on Nov. 7 exonerated the President of "abysmal ignorance" of the true nature of navies declared that the Hoover investigation was "a highly organized effort to discredit the Navy League, seemingly because we told unpalatable truths."

Meanwhile, although the navy budget for 1933 had been cut to \$343,000,000—\$59,000,000 less than originally planned—Secretary Adams in his annual report asserted that appropriations for the navy are inadequate for proper maintenance of the service. While the Navy Department, as a result of President Hoover's economy program, had decommissioned or placed in reserve seventeen vessels, the "big navy" groups in the Senate and House were drafting plans to expend approximately \$1,000,000,000 for new naval craft.

THE PHILIPPINE PROBLEM

Agitation for Philippine independence—if one can judge from reports in the American press—was less noisy during November. The Filipino Legislature on Nov. 9 approved Senator Manuel Quezon's plan for a ten-year period of autonomy with free trade,

and at the end of that time a plebiscite to determine future policy. His stand has been assailed by the Filipino radicals who advocate immediate and complete independence. On Dec. 5 a new Filipino independence mission sailed for the United States. Presumably its discussions with administration and Congressional leaders in America will be based upon Senator Quezon's proposals.

The islands, like the rest of the world, are struggling with economic problems, but at the same time are attempting to organize their economic life in such a way as to make the Philippines somewhat independent of the rest of the world if political independence ever becomes a reality.

Governor General Davis received almost an ovation when he left the Philippines on Nov. 21 for a vacation in Europe and the United States. For the moment politics seemed to be forgotten and events connected with the farewell indicated that Mr. Davis was the most popular American official to have served in the islands.

THE MOONEY CASE

The famous Tom Mooney case which has disturbed California for fifteen years and has provided radicals with material for innumerable soap-box orations apparently entered upon a new phase during November. The past year has seen indications that this *cause célèbre* was at last a subject fit for discussion by even the most conservative-minded. The interest of the public in the case became apparent when on Dec. 1 Mayor Walker of New York City, as a result of an appeal from Mooney's mother, appeared before Governor Rolph of California to plead for a full pardon for Tom Mooney. Governor Rolph promised to review the case of Mooney and to reconsider the entire question of a pardon for the man who has spent years in prison after being convicted of throwing a bomb which cost ten lives during a preparedness parade in San Francisco in 1916.

Attempts at Terrorism in Cuba

By CHARLES W. HACKETT

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RENEWED bombings in Cuba occurred late in October and early in November as part of the program of opposition to the Machado Government. In spite of these episodes of terrorism comparative stability characterized the Cuban political situation during November.

The government, as usual, took active steps to curb the activities of the opposition. The headquarters of the Hebrew Cultural Association were closed on Nov. 5, on charges of participation in anti-government and communistic activities. Two days later twenty persons were arrested and a public demonstration which the Communists had planned to hold was frustrated. Soon afterward the government discovered an organization of professional men and merchants in Havana which aimed to embarrass the treasury by delaying the payment of taxes. As a result of the seizure of a shipment of contraband arms and ammunition near Havana harbor on Nov. 18 orders were issued to the Cuban Army and Navy to redouble their vigilance along the neighboring coast.

Clemency is being shown by the government toward political prisoners. Four members of the House of Representatives who have been confined in Cabañas Fortress since their participation in the abortive Menocal revolution of August, 1931, were liberated on Nov. 3. Two days later Dr. Ricardo Dolz, dean of the School of Law of Havana University, and former President of the Senate, also was released. Prisoners held for participation in the August rebellion have

been liberated gradually upon pledges to refrain from carrying on further activities against the government of the republic.

EFFECT OF AMERICAN TARIFF

Cuban political leaders have complained frequently of tariff discrimination against Cuba by the United States. President Machado on Oct. 28 declared that 80 per cent of Cuba's economic ills were the result of the American tariff. Politicians and newspapers took up the cry. *El Mercurio* of Havana stated editorially on Nov. 1 that Cuba had received nothing but injustice from the United States in the last four years and that there was no reason for Cuba to stand by the reciprocity treaty; *La Información* of Havana on the same day criticized Cuban financiers for contracting a huge public works loan on short terms, but attached principal blame to the Chase National Bank of New York and to the American Department of State for its lack of foresight in approving the loan. A reaction against these criticisms soon appeared. Senator Cuellar del Rio, president of the Popular party, said on Nov. 2: "Cubans themselves are the only ones responsible for the present conditions in Cuba." Two days later President Machado reversed himself in his criticism of the United States tariff in a statement issued through *El Heraldo de Cuba*.

THE CHADBOURNE PLAN

Organized opposition to any restriction under the so-called Chadbourne Plan of Cuba's 1931-1932

sugar crop was launched at Santa Clara on Nov. 26 under the leadership of the National Association of Cane Planters. A unanimous decision was reached by the 1,500 planters present to work for the cancellation of all international sugar agreements to which Cuba is a party; the planters were reported to be backed by representatives of many branches of Cuban industry, commerce and labor. The Chadbourne Plan, named after its author, Thomas L. Chadbourne, a New York lawyer, began as a Cuban measure and finally was made a world agreement when great sugar-producing nations signed an agreement at Paris in the Summer of 1931 to limit the production of sugar in order to maintain world prices.

ANNIVERSARY OF THE MEXICAN REVOLUTION

The twenty-first anniversary of Mexico's great revolution of 1910 was celebrated on Nov. 20. A distinctive feature of the celebration in Mexico City was the parade before President Ortiz Rubio of 1,000 picked athletes from every State in the republic. In contrast to the military parades of former years the only uniforms seen were those worn by army bands.

In a nation-wide radio broadcast from Washington, Mexican Ambassador Puig Casauranc declared that social reforms brought about in Mexico since the initiation of the revolution twenty-one years ago had laid the foundation for political reforms. "We all understand our political deficiencies," he said, "and have promised to remedy them, now that we have attained the acceptance of the social reform so anxiously desired by us."

DAMAGES FOR DEATH OF MEXICAN STUDENTS

On Nov. 23 two former Oklahoma deputy sheriffs were acquitted of charges of murder in the killing of two Mexican students at Ardmore, Okla., in June, 1931. The next day

the Mexican Foreign Minister, Genaro Estrada, announced that new instructions had been sent to the Mexican Embassy in Washington "with the intention of claiming damages of a civil nature because of the * * * crimes." Governor W. H. Murray of Oklahoma is reported to have told the newspaper *El Excelsior* in a long-distance telephone conversation, that he would ask the Oklahoma Legislature for permission to send \$5,000 to the parents of each of the two Mexican youths who were killed. Later, Governor Murray approved as "more practical" a proposal by President Bizzell of the University of Oklahoma that the State of Oklahoma endow two scholarships for Mexican boys, one at the University of Oklahoma and the other at the Oklahoma Agricultural and Mechanical College; the scholarships, it was suggested, should be named in memory of the two slain boys, Emilio Cortés Rubio and Manuel García Gómez. This suggestion met with the disfavor of the students' federation in Mexico City on Dec. 4.

The Department of State in Washington on Nov. 25 admitted that the Mexican Embassy had presented to it a note in which was submitted a "series of comments and criticisms concerning the killings," and the "subsequent prosecution of those guilty of the slayings."

RISE OF VALUE OF SILVER

The rise in the price of bar silver from 24 cents per troy ounce, the law of several months ago, to 31¼ cents early in November contributed to the decline of the dollar to the lowest point since the beginning of Mexico's industrial and economic crisis. United States notes brought 2.55 pesos in the Mexico City market on Nov. 5, compared with 3.60 and even near 4.00 for a few days late in July. The advance of silver to more than 34 cents before mid-November aroused hopes of thousands of unemployed that closed mines would be reopened.

During normal years in the past Mexico produced as much as \$100,000,000 worth of silver.

NEW GOVERNOR OF CHIHUAHUA

Following a long and bitter political feud between Governor Andrés Ortiz and ex-Governor Luis León, both of the State of Chihuahua, Governor Ortiz tendered his resignation to the Chihuahua Legislature on Oct. 31. The resignation was accepted and on Nov. 2 Colonel Roberto Fierro, the young and popular chief of civil aviation in Mexico, was notified of his appointment as Governor of the State. The same day he flew from Mexico City to Chihuahua, where he was accorded an enthusiastic public reception.

REBEL ACTIVITY IN NICARAGUA

Rebel activity was pronounced in Nicaragua during November. On Nov. 2 an insurgent leader was killed and several of his band wounded in an engagement with a patrol of the Nicaraguan National Guard, commanded by Lieutenant Chauncey Brown of the United States Marines. The capture of the town of Chichigalpa, on the railroad between Chinandega and León, by insurgents was reported officially on Nov. 23. Stores were looted, the telegraph office wrecked, and railroad records were burned before the insurgents were driven out by a patrol of the National Guard. Because of the activities of the insurgents a state of siege was declared in the Departments of León and Chinandega on Nov. 25.

REVOLUTION IN EL SALVADOR

In a one-day revolution, featured by sharp fighting in the capital, in which former Minister of the Treasury Francisco Espinosa was killed by a stray bullet, the government of the Republic of El Salvador was overthrown on Dec. 3. President Arturo Araujo fled into Guatemala. The military junta which was established declared that the entire country had ac-

cepted the change jubilantly. An offer of funds from the Bank of Agriculture and Commerce was accepted by the new governing junta on Dec. 6.

PANAMAN POLITICS

The Liberal Reform Party of Panamá closed a three-day convention in Panamá City on Nov. 22 after nominating Francisco Arias Paredes, former Minister of Government and Justice in the Cabinet of President Alfaro, for President in the contest that will be held in June, 1932. The resignation of Dr. Harmodio Arias, Panaman Minister to the United States, was submitted to President Alfaro on Nov. 27. Dr. Augusto Boyd was nominated for President by the National Liberal party on Oct. 17.

CENTRAL AMERICAN MONETARY PROBLEMS

Action designed to solve grave monetary problems was taken by Nicaragua and Honduras in November. At a conference of bankers, merchants and industrialists, held under government auspices in Tegucigalpa, Honduras, on Nov. 10, immediate monetary conversion from the silver to the gold standard, with a new gold-backed "lempira" (valued at 50 cents) as the unit, was decided upon. To redeem the present silver currency new coins to the number of 1,100,000, which have been minted in the United States, are to be brought to Tegucigalpa promptly. To redeem the balance at present in circulation, the conference agreed to issue \$1,000,000 in 7 per cent government bonds, which are to be bought by local merchants and bankers.

To protect the Nicaraguan córdoba (valued at one American dollar), a Presidential decree on Nov. 14 placed the control of foreign exchange in the hands of the National Bank of Nicaragua, and the exportation of gold was prohibited except through the National Bank. A Board of Control, consisting of the Minister of Finance, the manager of the National

Bank and the Collector General of Customs, was appointed.

HAITI DISSOLVES ANTI-AMERICAN SOCIETY

Charged with having entered into politics in violation of the law concerning organizations, the *Union Patriotique*, which was organized in 1915 to work against the military occupation of Haiti by the United States, was dissolved by the Haitian Government on Nov. 23. Late in October the *Union Patriotique* was reported to have taken the stand that the recent Munro-Leger agreement, by which three of the five treaty departments were restored to full Haitian control, did not completely fulfill the desires of the people. About nine years ago the *Union Patriotique*, through three of its leaders, including Dr. Stenio Vincent, the present Haitian President, was instrumental in bringing about the McCormick Senatorial investigation of Haitian affairs. Also it was chiefly instru-

mental in the Forbes Investigating Commission being sent to Haiti by President Hoover in February, 1930. One of its present members is Speaker of the lower house of the National Assembly.

EMERGENCY LEGISLATION IN DOMINICAN REPUBLIC

The acquiescence of the United States Government in recent emergency legislation of the Dominican Republic, "giving priority to the interest charges on the foreign loans but temporarily diverting certain customs revenues from the payment of amortization on these loans, applying the amounts so diverted to the maintenance of vital governmental functions and the preservation of law and order upon which the ultimate payment of the external debts must depend," was announced by the Department of State on Nov. 10. This action was made necessary by bad economic conditions, aggravated by the disastrous hurricane of September, 1930.

South America Regaining Stability

By HENRY GRATTAN DOYLE

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THE chronicler of events in South America during the year just ended finds much to bear out the hope expressed twelve months ago that 1931 might be a year of political reconstruction for the South American republics, in contrast with the preceding year, which was preeminently one of revolutionary activity and political destruction. Even the renewed revolutionary outbreaks during the year, almost equaling in significance those occurring in 1930, lose much of their importance when considered in the light of the progress made during the last months of 1931

toward the re-establishment of constitutional government. Among the noteworthy aspects of this progress were the recourse in several instances to popular elections, seemingly fairly conducted, for the choice of Chief Executives; the replacement of administrations primarily military in character by civilian governments; and the fall of one of the two dictators—President Ibáñez of Chile—who seemed most securely in the saddle at the close of 1930.

In economic matters, unfortunately, the picture is not so encouraging. The end of the year finds a number of

governments in great financial straits. Interest payments on bond issues in many cases have been defaulted or postponed under one plan or another. Currencies have depreciated. Foreign and domestic trade has fallen to a mere fraction of its former volume. Unemployment has increased. Economic life has stagnated. The distress of 1930 has become privation in 1931. Against such a gloomy background the remarkable thing is not the fact that there has been so much political unrest, but the fact that there has not been more. That any real progress toward constitutional government has been possible under prevailing economic conditions is in itself a cause for rejoicing.

As against the record of 1930, with its four successful revolutions—Bolivia in May, Peru in August, Argentina in September and Brazil in October—the chronicle of 1931 must record another four—Peru in March, Chile in July, Ecuador in August and Paraguay in October. But that is not the whole story. In three of these countries—Chile, Peru, and Ecuador—elected chief magistrates have already succeeded revolutionary governments; in another—Paraguay—the Vice President has constitutionally taken the place of the resigning President; and the military government of Argentina in November finally permitted elections to be held for the choice of a constitutional President. Even this is not all. As against the outstanding non-revolutionary political event of 1930—the election of Dr. Olaya Herrera as President of Colombia—1931 has to its credit not only the elections already mentioned but the peacefully conducted and accepted election in Uruguay which resulted in the inauguration of Dr. Gabriel Terra as President of that country in March. Not to be overlooked also is the inauguration during the same month of Dr. Daniel Salamanca as President of Bolivia.

It is true that the close of the year finds Brazil still under the control of the revolutionary government of Pres-

ident Vargas, which took office as long ago as Oct. 24, 1930; and that while elections held on Nov. 8 in Argentina resulted in the election of General Agustín Justo, the Provisional Government at the time of writing had given no indication as to the date on which it intends to turn over the conduct of affairs to its elected successor. It is also true that during the year the one remaining "strong man" of South America—General Gómez of Venezuela—has resumed the active direction of affairs in that country after a relatively brief experiment with an elected successor—an interlude, so to speak, in the twenty-year reign of the Venezuelan dictator. These instances are not, however, of sufficient importance to outweigh the positive democratic and constitutional advances made in the other countries mentioned.

PRESIDENT MONTERO INAUGURATED IN CHILE

On Nov. 15 Dr. Juan Esteban Montero Rodríguez reassumed the Acting Presidency of Chile, which he had relinquished on Aug. 18 in order to become a candidate for President at the elections of Oct. 4, in which he obtained a large majority of the votes. On Dec. 4 President Montero took the oath of office as constitutional President, formally beginning a six-year term of office. His program includes resumption as soon as possible of payments on Chile's foreign debt, continuance of the policy of strict economy in governmental expenditures, maintenance of the gold standard, and careful study of the problems of the nitrate industry, upon which Chile's prosperity so largely depends. Feeling over the formation of "Cosach," the nitrate combination engineered under the Ibáñez régime, in which the Chilean Government has a 50 per cent interest, was intensified by a report from a commission of technical advisers appointed after the revolution of last July. The report, issued on Nov. 10, attacked some of the circumstances attending the for-

mation of the company, criticized the organization expenses involved, and called the establishment of "Cosach" "the biggest crime of the military dictatorship of former President Ibáñez." In quarters favorable to "Cosach" the report was characterized as politically inspired. Its recommendation for the dissolution of "Cosach" was modified, according to news dispatches, in a new report presented to President Montero on Dec. 7, the contents of which were not made public.

PERU INAUGURATES SANCHEZ CERRO

On Dec. 8 Peru took her place among the republics with constitutionally elected Presidents when Luis M. Sánchez Cerro was inaugurated for a five-year term. Colonel Sánchez Cerro led the military revolt of August, 1930, which ousted former President Leguía and ended the latter's eleven-year dictatorship. The Provisional Presidency of Sánchez Cerro was itself terminated by a successful revolt which placed a junta headed by David Samáñez Ocampo in power on March 1, 1931. For some months Sánchez Cerro lived in exile, and it is very much to the credit of the Provisional Government that it not only ultimately permitted him to return to Peru, but although generally believed to be opposed to his candidacy in the elections of Oct. 11, dealt fairly and justly with him and apparently conducted the election in an honest and non-partisan manner.

Opposition to the inauguration of President Sánchez Cerro led to serious disorders, said to be inspired by members of the "Apra" (Asociación Popular Revolucionaria Americana), whose candidate for the Presidency, Raul Haya de la Torre, was defeated in the election. In a strike at Trujillo, in Northern Peru, "Apra" sympathizers clashed with the police on Dec. 7, and ten persons were reported killed and a number wounded. The cruiser *Almirante Grau* was sent to Northern Peru as a precautionary measure.

The new President took office with a Congress composed of 71 "Sánchez Cerristas," 51 "Apristas," 12 "Decentralists," and 11 independents. It is reported, however, that he can count on a majority of seventy-seven members, the additional votes coming from Decentralists and independents who have promised to support him. The new Congress will also act as a constituent assembly.

Under a decree of the Provisional Government issued on Nov. 20, amnesty was granted all prisoners arrested since Aug. 22, 1930, except those accused of enriching themselves at the expense of the State under the Leguía régime. On Nov. 16 former President Augusto B. Leguía was removed from Panóptico Prison at Lima to a naval hospital at Bellavista, midway between Lima and El Gallao, on the advice of a medical board. The ex-President was reported to be suffering from bronchial pneumonia. His son Juan, who had shared his father's imprisonment for fifteen months, remained in prison. Some disorder attended the transfer, caused by fears of opponents of the fallen régime that followers of Leguía might attempt his liberation from the hospital.

GENERAL JUSTO WINS IN ARGENTINA

Results of the elections of Nov. 8 in Argentina had not been officially announced at the time of writing, owing to the necessity of holding a second election in certain provinces because of alleged "irregularities." A long process of "verification" of the voting urns and counting of the ballots, essential under the Argentine system, may long delay the official results. There can be no doubt, however, that General Justo, candidate of the National Democrats and anti-Irigoyen Radicals, will be victorious over his opponent, Dr. Lisandro de la Torre, nominated by the Democratic-Socialist Alliance. Press reports on Nov. 26 gave Justo 234 votes in the electoral college as compared with 134 for de la Torre.

The Provisional Government of General Uriburu has not vouchsafed an announcement of the date when the new government will assume the conduct of Argentina's affairs. An earlier impression that this would take place only after the adoption of certain constitutional reforms advocated by the Provisional President (see *CURRENT HISTORY* for August, 1931) is reinforced by the delay in making this announcement. The President is understood to hold that these reforms are part of the program of the revolution which placed him in office, but members of the revolutionary group are reported from Buenos Aires as declaring the reforms purely the work of the President, and not formulated until after his assumption of the Presidency.

On Nov. 24 it was reported that Uruguay had agreed to extradite Horacio Oyhanarte, Foreign Minister under Irigoyen, on the basis of charges which induced Uruguay to hold that he was not a mere political refugee, but a fugitive from justice.

The steady gains in Argentine grains reported recently came to an abrupt end in late November, when prices dropped to their former low level.

CHACO NEGOTIATIONS RESUMED

Under the auspices of the five neutral nations—Colombia, Cuba, Mexico, Uruguay and the United States—which sponsored the deliberations of the Commission of Inquiry and Conciliation, Bolivia and Paraguay resumed negotiations for a non-aggression pact in Washington on Nov. 11. The territorial dispute over the Gran Chaco constitutes the major problem in international relations now confronting South America. At the opening meeting only one delegate was present from each country, Eduardo Diez de Medina, former Minister of Bolivia to the United States, and Juan José Soler, Paraguayan Min-

ister of Mexico. The other delegates, César A. Vasconcellos, for Paraguay, and Enrique Finot, for Bolivia, arrived later in the month, the former having been delayed by the change in the government of his country which for a time threatened to prevent his attendance. At the time of writing negotiations were already under way under the chairmanship of Francis White, Assistant Secretary of State of the United States.

SOUTH AMERICAN BONDS DEFAULTED

Formation of a Latin-American Bondholders Association in New York, with former Secretary of the Treasury McAdoo as chairman, emphasizes the precarious condition of some of the foreign loan issues of South American governments, a number of which have been defaulted during the year 1931, as to payment either of interest or of sinking fund requirements, or both. In some instances the governments, as a stabilization measure, are depositing funds to cover the payments in national banks, where they will be held against ultimate payment of requirements. In other instances complete default has occurred. State and municipal issues are involved in a number of instances in which national bonds have not been defaulted. It was likely that a number of issues previously in good standing would be defaulted on payments due Jan. 1, 1932.

Defaults that have already occurred or have been announced include Bolivian issues amounting to approximately \$60,000,000; Brazilian, \$149,000,000 (exclusive of State and municipal issues); Chilean, \$117,000,000; Eucadorean, \$11,000,000; and Peruvian, \$88,000,000. The outlook for adjustment of these and other financial difficulties is not encouraging as the new year begins, but justice requires that it be borne in mind that this unfortunate situation does not prevail exclusively in South America.

Great Britain Abandons Free Trade

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THE first notable act of the new government under Prime Minister MacDonald has been nothing less than the abandonment of Great Britain's historic policy of free trade. As a result of the general election, there were, of course, important questions other than that of a protective tariff to confront the Cabinet and to test the solidarity of the National Government and its huge majority in Parliament. Obviously such projects as Snowden's land tax and Labor's coal mines amalgamation scheme had to be dropped. Future British relations with India presented a much more serious problem to Mr. MacDonald when his Parliamentary backing included a large number of reactionaries who would oppose the loosening of British control. The passing of the Statute of Westminster, which after long collaboration among Great Britain and the Dominions was drawn up legally to recognize the constitutional independence of the dominions, was a necessary preliminary to the Imperial Economic Conference to be held at Ottawa in July, 1932. Yet the same reactionaries could be counted upon to oppose it in the name of the English minority in the Irish Free State and because of its possible future effects upon a Dominion of India.

In these circumstances the only profitable procedure was to yield to the unmistakably general pressure for tariff protection and trust that, while thus undertaking to balance British trade, other problems could be disposed of in minor skirmishes. Philip Snowden had to leave his free-trade pietism behind him when, as Lord

Privy Seal, he entered the House of Lords on Nov. 25 as Viscount Snowden of Ickornshaw. Sir Herbert Samuel, leader since Nov. 4 of the free-trade Liberal group among the Nationalists, was evidently greatly distressed by his position and, although a member of the Cabinet, actually refrained from voting on Nov. 20 during an important division on tariffs. Walter Runciman, a former Liberal free-trader, now president of the Board of Trade, seemed completely converted to militant protectionism, since he—instead of Neville Chamberlain, the Conservative Chancellor of the Exchequer—sponsored the new tariff legislation. The Prime Minister did not escape responsibility for tariffs by devoting most of his attention to the Indian Round-Table Conference. Thus former Liberal and Labor members paid the price of their present power by the formal recantation involved in carrying out the will of the Conservative majority.

Two external circumstances greatly facilitated the tariff policy and strengthened the government against repercussions from abroad. In the first place, foreigners rightly estimated that the Conservative electoral triumph meant the end of free trade and began to export goods feverishly to Great Britain to anticipate the levying of duties. In some categories of goods the British import rate went up over 100 per cent and the general increase in early November was about 75 per cent. The Thames was crowded with ships from the Continent, a race against time began across the Atlantic, and in the

last hours airplanes were pressed into service to rush in goods.

In the second place, France committed a grave tactical error by setting up a wholesale customs surtax of 15 per cent on imports from Great Britain. Canada had already done virtually the same thing for the same reason, disparity of exchange, but Canada and Great Britain will bargain at Ottawa next July. In this way France, now disturbed over her budget deficit and adverse balance of trade, robbed herself of the chance of receiving consideration for her grievances under the expected British tariff legislation by herself firing the first salvo of the tariff war.

Three sections of the tariff wall were raised during November. The first act, affecting some 1,500 items of manufactured and chiefly manufactured articles, imports of which had normally amounted to about \$220,000,000 per annum, was announced on Nov. 16, rushed through Parliament, and put into operation on Nov. 25. It authorized the Board of Trade to set up duties of as much as 100 per cent on the cost of these goods landed in Great Britain, though the rate was actually fixed at 50 per cent. Germany, France and the United States, in the order named, were the hardest hit, and Belgium was seriously affected. On Nov. 30 eleven new categories of manufactured articles were proposed for inclusion under the tariff and on the same day fresh fruit, vegetables, flowers and bulbs were added to the list.

Two interesting developments showed that this legislation had been carefully prepared. It was announced on Nov. 17 that the new duties would not apply to Dominion products. Thus a protectionist Great Britain had begun its career by taking the step a free-trade Great Britain could not, that of providing a tariff which made imperial preferences possible. Industrial Canada stands to profit greatly by this, although it was intimated that the Board of Trade regulations would

insist on a 25 per cent empire content in Dominion imports to enjoy the exemption and thus discourage the setting up by Americans in Canada of what would be merely assembly plants. In the second place, it was revealed on Nov. 21 that, whereas the United States had been prepared to increase its levies on British goods to meet the British rates, Great Britain had carefully avoided any action which could bring into play the countervailing provisions of the Smoot-Hawley act. It was also made clear that the British Government would do its best to avoid disturbing goods remittances (chiefly food and raw materials) from foreign debtor countries. All these tariff measures were temporary, pending Neville Chamberlain's budget proposals in April, 1932.

As to United States exports to Great Britain, which are chiefly raw materials, only about 5 per cent appeared to be affected. France, on the other hand, saw her best customer almost repudiate her manufactured goods and virtually shut out the table delicacies which she has long been accustomed to provide. M. Flandin, the French Minister of Finance, visited England ostensibly for shooting over the week-end of Nov. 28, but failed entirely to moderate British action. The French Government on Dec. 2 requested a discussion, but was informed on Dec. 5 that, while Great Britain was quite willing to talk over the situation created by the new tariff, negotiations at present would be premature. Mr. Runciman did not soften the blow by his speech of Dec. 4, in which he referred bitterly to the French surtax. No adequate estimate of the effects on Germany had been made, but both Germany and Belgium asked consideration. The whole situation presented a complete reversal of that in the Spring of 1931 when William Graham, then President of the Board of Trade, unsuccessfully circularized the Continental governments in favor of lower tariffs.

The inevitable accompaniment of protection for manufactured goods was Conservative agitation for similar aid to agriculture, and on Nov. 26 Mr. MacDonald's Cabinet yielded by promising to bring a scheme before Parliament. Under it millers were to be compelled to use 15 per cent of British wheat, with a probable 55 per cent of Dominion wheat and possibly a quota import of 335,000 tons of Dominion flour. In this way the British, Canadian and Australian farmers would be assured of a market (and a price) for their wheat, while Russia, the United States and Argentina would have to scramble for the remaining 30 per cent.

In the debates on the Statute of Westminster and India, Winston Churchill harried his own Conservative leaders, but he could rally only about fifty supporters against sweeping Parliamentary majorities in favor of living up to the promises made to the Dominions and India. One important amendment to the Statute of Westminster was made, however. It assured to the Australian States their separate sovereignty, thus nullifying for the moment at least Mr. Scullin's proposal of Oct. 12 for a referendum on the question of substituting the unitary for the federal principle as the basis of Australian government.

Meanwhile, outside the political arena, conditions showed signs of improvement. The industrial revival which began with the passing of the pound from gold parity continued during November. It was most marked in the textile industries (notably cotton, which profited from the Chinese boycott on Japanese goods), the motor car industry and the light industries generally, but the heavy industries also began to respond to the stimulus. Iron and steel productions were each 14 per cent higher in October than in September, and for the first time since January, 1931, the number of blast furnaces in operation increased. In such circumstances it seemed almost perverse when the

Federation of Master Cotton Spinners on Nov. 29 gave notice that the forty-eight-hour-week agreement would be terminated with 1931. The mills have not been able to operate full time since 1920. The operatives threatened a strike, and on Dec. 4 the proposal was dropped.

Naturally, the totals of unemployed have fallen steadily from the record high point of 2,825,772 on Sept. 28. The figure on Nov. 23 was 2,615,115, though the number of wholly unemployed had increased by about 25,000 during the month. The reason for this apparent contradiction was that, while year-round industry increased its payrolls, seasonal employments were ending with the Autumn. Another important cause of the decline in unemployment figures came from the operation of the social insurance anomalies act passed by the emergency National Government. Of 81,716 married women whose cases were reviewed, 71,567 were, up to Nov. 19, struck off the benefits list for various reasons.

The unsupported pound sterling, which ranged between \$3.90 and \$4.00 just before the election, declined further, to reach the low point of \$3.25 (a 33.1-3 per cent decline from par) on Dec. 7. The government has been subjected to the pressure from France for speedy stabilization, but has intimated that sterling will have to find its own level, while the present tasks are the balancing of trade and the stabilization of prices. Certainly prices have risen very little (5¼ per cent in October as compared with September) and on Dec. 2 the Treasury continued to maintain the note issue not backed by gold at its legal maximum of £275,000,000. The Bank of England's gold reserve declined only \$1,545,000 between Nov. 5 and Dec. 3, with the coverage ranging from 31.44 per cent on Nov. 5 up to 35.57 per cent on Nov. 19 and down again to 28.44 per cent on Dec. 3. This made all the more extraordinary the revelation on Nov. 18 that the

remainder of the credit granted by our Federal Reserve System on Aug. 1, and renewed on Oct. 31 for three months in the amount of \$75,000,000, had been reduced to the use of only \$8,500,000. The dollar purchases involved in this transaction must have contributed heavily to the decline in sterling.

It is doubtful whether any reason for the continued decline of the pound less comprehensive than the prevailing international credit contraction would suffice. Secondary to this may be noted the fact that Autumn was the season for extensive British purchases of food and other raw materials, that the abnormal imports before the tariff involved sales of sterling, that certain Continental central banks were compelled by law to use as coverage for their own notes only such currencies as were backed by gold and must now sell their former holdings of sterling, that the narrowness of the exchange market in London made for wide fluctuations, that the movement of British foreign debtors to pay in depreciated sterling had practically ceased, and that British exporters were loath to convert their foreign balances to sterling in a declining market.

France had a quite legitimate grievance in the British Government's refusal to do anything immediate about the pound, but no way of enforcing her representations. The Bank of France, for instance, owned approximately £60,000,000, on which it had lost about \$100,000,000. Actually its losses exceeded many times its own declared capital and rendered it legally liable to liquidation. On Dec. 5, therefore, the French Government decided to cover the losses of the bank, but its own treasury was known to be a considerable holder of sterling as well.

On the whole, at the beginning of December the British seemed to have placed France in a disadvantageous position. There was certainly something to be said for the British impli-

cation that, if London had rendered international credit vulnerable by borrowing on short terms and lending on long, it was France rather than Great Britain that had pursued a foreign policy calculated to destroy the confidence upon which international credit is based. On the other hand, the huge French official and semi-official holdings of sterling made an effective rejoinder to the charge that France was depressing the pound in order to frighten Great Britain into acquiescing in her policy toward Germany. Those holdings made it reasonably clear that recent French sales of sterling had been made by private parties, perhaps as a device to buy dollars and avoid shipping gold to the United States once the European flight from the dollar had come to an end. There was a definite feeling in London that, while the British Government would be hesitant about further missionary work in favor of international cooperation concerning currencies, debts, reparations, silver and the like, the rest of the world would ultimately see the wisdom of her earlier proposals.

IRISH AFFAIRS

In the Irish Free State the first sitting of the much-feared military tribunal authorized under the public safety act was held during the week of Nov. 30. Its judgments were very mild, the most serious being six months' hard labor and deportation for John Mulgrew, a United States citizen, convicted of membership in Saor Eire and suspected of being on its executive board. The police reported that they had captured orders of the revolutionary organizations to lie low. Civil disorder declined from attacks on postoffices early in November to adroit worrying of the police over public meetings later in the month.

The economic situation was met by an anti-dumping act, an increase in the income tax to 17½ per cent and a tax of four pence (eight cents at

par) on gasoline. The government party, Cuman-Na-Gaedheal, won ten out of twenty-three seats in the Senate, Fianna Fail eight and Labor two, in the first distribution on Dec. 4.

AUSTRALIAN GENERAL ELECTION

Prime Minister Scullin was defeated in the Australian House of Representatives on Nov. 25 by thirty-seven votes to twenty-two and had to consent to the dissolution of the Federal Parliament and a general election, which was fixed for Dec. 19. Half the Senate was also to be re-elected on the same day. The election campaign proved to be something less than a straight fight between Labor and its opponents because the coalition between the United Australian and Country parties had not been completed, but last minute efforts gave J. A. Lyons, leader of the United Australia party, and S. M. Bruce, former Prime Minister, each a clear field against Labor. Party planks were vague and contradictory, and the real issue was the record of Mr. Scullin's Labor Government. Mr. Scullin accused his opponents of "a wish to break down the tariff wall" and secured some support from Australian industrialists.

CANADA'S NEW ORIENTATION

Canada has recently been preparing to meet a new domestic and international position. Her last great change, which launched her in the world as the fifth in rank among the trading nations, took place during the stress of the World War and the post-war reconstruction. Now an international economic war is forcing her to adapt herself to greatly altered circumstances, particularly those created by Great Britain's abandonment of free trade and the opportunity thus presented for economic bargaining with Great Britain and the Dominions. Prime Minister Bennett's response to the recent British election was to suggest the early summoning

of the postponed 1931 Imperial Economic Conference at Ottawa. Mr. MacDonald accepted the suggestion on Nov. 9.

Canada's great problem in this matter was to assist in the erection of an equitable system of intra-imperial economic exchanges. Her exclusion from the operation of the new British tariff and inclusion in the proposed wheat and flour quotas was a generous concession which demanded equally generous response. But Canada has become an industrial nation by protecting her native industries against British as well as other competition, and in addition she and the United States have become each other's best customers. Obviously, if imperial economic integration was to become a reality, Canada must readjust her own industrial enterprise and her relations with the United States, and must prepare for honest reciprocity with Great Britain and the other Dominions. To retain her own industrial position and enjoy preferences inside the empire for both manufactured articles and raw materials, she must open compensatory markets for British and other Dominion goods. These changes would presumably have to be at the expense of the United States. British anthracite coal, iron ore and special iron and steel products might supplant American, and Australian, South African and British West Indian tropical products take the place of those from Florida, California and the American West Indies. On a purely economic basis the change would be not altogether rational, but no more so than the Hawley-Smoot and previous tariffs which have seriously interfered with Canadian exports to the United States. Intra-imperial preferences promised to be an extraordinarily complex affair, involving multilateral arrangements and requiring many separate adjustments to existing most-favored-nation treaties.

The continued decline of the Canadian dollar from its former parity in

relation to the United States dollar reached 83.81 cents on Dec. 7. This gave rise to the second great problem of the day. Since the war most of Canada's external obligations have been to the United States, and many of them have been promises to pay in United States currency or gold. As long as Canada rode high on her expanding production and borrowing in New York was cheap and easy, as from 1924 to 1929, the Canadian dollar fluctuated a few decimal points above or below New York parity. Recent international disdain for mere commercial promises to pay and the fall in commodity prices, combined with the renewed competition of the Russian granary and the more intense competition of those regions which, like Canada, took Russia's place after 1914, have subjected the Dominion to a strain which her gold reserve and productive capacity cannot sustain at parity.

Domestic gold production passed \$5,000,000 a month, but until trade revived and prices rose that was not enough. The national gold reserve on Oct. 31 was \$2,810,000 in excess of legal requirements, but free export was forbidden. The most effective agent in ultimately restoring exchange was the operation of the depreciated Canadian dollar as an added fraction to the high Bennett tariff in reversing the adverse balance of trade. In the case of the still more depreciated pound Canada was protected by valuing the basic pound at \$4.40 Canadian and using the difference between that amount and the average exchange value of the pound as an additional dumping duty on British goods. The average value was determined twice a month, for Dec. 1-15 at \$4.22, and for Dec. 15-31 at \$4.04.

Actually the proportion of exports to imports had been steadily increasing since midsummer. September produced a favorable balance of \$3,618,000 and October one of \$9,597,000. The total balance of April to October

inclusive, which in 1930 had been adverse by \$77,000,000, was adverse by only \$13,000,000 in 1931. Within these figures the adverse trade relation with the United States was steadily being reduced. It appeared that if Canada refrained from borrowing in New York and let exchange follow its own course she might come through the crisis with a loss of only the amounts she was committed to pay in gold or United States currency.

Yet the government was committed to works for domestic unemployment relief which by Nov. 13, and excluding Quebec and New Brunswick, had involved the expenditure of about \$49,000,000. The national railway system was running deeper into debt. The budget deficit in March, 1932, was expected to be over \$150,000,000. These circumstances brought about the flotation in late November of a domestic five and ten year loan of \$150,000,000 at 5 per cent. The response was remarkable. The public subscribed \$215,000,000, the extra \$65,000,000 being accepted for the purpose of clearing off short-term indebtedness.

The railway situation, which involved the privately owned Canadian Pacific as well as the publicly owned lines, engaged the attention of a Royal Commission. On the recommendation of the Board of Conciliation set up by the Department of Labor, both railways on Dec. 3 made a wage cut of 10 per cent, retroactive from Nov. 15.

The industrial revival continued to be marked. Lumbering and mining were active, and in late November even the heavy industries showed some improvement. The price of newsprint was cut by \$4 to \$53 a ton on Dec. 3. Wheat fell about 10 cents to approximately 60 cents for December, but was still 10 cents above the early Autumn figures. The census of 1931 showed a population of 10,353,778, with a continued growth in the West and a relative decline in the Maritime Provinces. This will be reflected

in the loss by Nova Scotia and the gain by British Columbia of two federal seats and a similar exchange between New Brunswick and Alberta of one seat.

Ever since the Winnipeg strike of 1919 it has been known that the Royal Canadian Mounted Police have maintained a secret service section. This was dramatically reiterated in the recent trial in Toronto of nine Communists. The Crown's chief witness was Sergeant John Leopold of the Mounted Police, who had spent seven years in mufti among the Canadian Communists and who secured the membership rolls of the 4,000 to 5,000 members. The party was judged an illegal organization in Canada, seven of the accused received sentences of five and two years concurrently, and one a sentence of two and one years concurrently.

THE INDIAN SITUATION

The failure of the Indian Round-Table Conference (as described in Mr. Ratcliffe's article on pages 544-548 of this magazine) left to the British Government the task of providing a Constitution and then standing the criticism any Constitution was bound to provoke. Lord Sankey's able if sketchy reports on a federal structure, the supreme court, the control of the army and the control of finance were outlines of institutions which could become realities only if general agreement on other matters was reached. The only thing on which the delegates of British India and the Native States were unanimous was that India must have a federal government with autonomous powers both at the Centre and in the Provinces, but that mattered little so long as the vexed questions of minority representation and of British reservation of some control in finance, defense, foreign relations and protection of foreign businesses remained unsettled.

Two events took some of the edge off Indian pessimism. One was the

appointment of the Marquess of Louthian as Parliamentary Under-Secretary for India. His well known liberalism and friendliness toward Dominion status for India served to balance the objections to his Conservative chief, Sir Samuel Hoare, the Secretary for India. Secondly, Mr. MacDonald gave Winston Churchill the chance to urge the House of Commons to go back on the British policies as developed since 1917, and on Dec. 3 Churchill was defeated by 369 votes to 43. This debate committed every British political party to conciliation and a generous settlement. On Dec. 1, Mr. MacDonald announced that his government would continue the attempt to reach a settlement, that a skeleton Round Table would continue to function in India, and that three committees would immediately concern themselves with the franchise and electorates problem, with finance and with the financial responsibilities of the Princes in the new federation.

In India itself serious communal conflict took place in Kashmir, a native State, with a population about 90 per cent Moslem. Its Maharajah, Sir Hari Singh, however, is a Hindu and he has recently seriously affronted the sensibilities of his Moslem subjects. Across the frontier in the Punjab, the Ahrar community of Moslems took up the cause of their co-religionists and began to send passive objectors into Kashmir in bands called jathas. They submitted to arrest, but when the numbers rose to hundreds the Maharajah's troops could not handle the situation and the Indian Government was asked to step in. British troops managed to ease the friction, and received an enthusiastic welcome from the Kashmir Moslems. A commission of inquiry was set up and the Maharajah promised to show greater consideration.

As early as the end of October systematic agitation of a fanatical sort was apparent in Bengal and a repressive ordinance was authorized on Oct. 29. The situation became serious

again in November, and on Nov. 30 extraordinary powers were granted to magistrates and special tribunals were authorized, with power to inflict death sentences and transportation for long periods. The Bengal Provincial Congress responded with a commercial and social boycott.

The Round-Table Conference called to consider the constitutional structure for Burma, after being separated from the new India, met in London on Nov. 27. There were twenty-three Burmese delegates and representatives of other Burmese communities. The conference was not likely to be greatly concerned with communal and minority problems, but there were grave differences of opinion as to whether or not Burma ought to be separate from India and as to the measure of autonomy to be granted in either case.

THE GOLD PROBLEM IN SOUTH AFRICA

South Africa has been placed in a difficult and anomalous position by the passing of sterling from the gold standard. She is the world's largest gold producer and yet her banking and her trade have been hitherto largely handled through London. Most of her exports of gold, diamonds and wool go ultimately to Amsterdam and New York. When, therefore, she kept her currency on gold, there followed a serious disruption of trade with which her Dutch and American customers were ill-prepared to cope. Northern and Southern Rhodesia, her gold-producing neighbors, followed sterling, and to producers in South Africa of primary products for export this seemed the easiest way. They did not want to make it more difficult for British buyers to purchase their goods and they did not care greatly over the advantage which British goods enjoyed in South African markets. On Oct. 29, the government set up as a temporary expedient an export subsidy of 10 per cent on all primary exports except gold, diamonds and

sugar, to be paid for out of a special primage duty of 5 per cent ad valorem on all imports.

This problem went deep into South African life. The majority of the white population are Afrikaners and not strongly attached to Great Britain. When South African currency parted company with sterling a chance was created for Amsterdam, Paris and New York which, if taken advantage of, would still further weaken the ties with London. Yet any change meant severe stress on exporters. The government saw the chance of balancing its budget by making some \$2,500,000 on each of its semiannual interest payments in London, thanks to a 30 per cent depreciation in sterling. It tried to keep its primary producers quiet by the subsidy at the cost of a negligible tax on imports.

The period of stress and transition needed to be bridged by a loan or by inflation because gold might have to be exported to support exchange. For a \$50,000,000 loan American bankers wanted 3 per cent for promotion, 6 per cent interest and the guarantee of the British Government—terms which were refused. It was reported that negotiations were begun in Paris, but discouraged by the British Government. This interference was categorically denied on Nov. 17, but it convinced some Afrikaners that Great Britain was plotting to retain some economic control of South Africa. Meanwhile, the Gold Producers' Committee of the Transvaal Chamber of Mines had declared on Nov. 13 that to follow sterling would secure greater confidence than monetary independence. They of course saw a great reduction in working costs if they could pay their expenses in a depreciated currency. Low grade mines would become profitable. It was calculated that a 10 per cent devaluation of currency would increase the average life of the Witwatersrand mines by 50 per cent.

The present government of South Africa is a coalition of quasi-repub-

lican Nationalists and Labor, opposed by the South African Party. After prolonged Cabinet discussions a special session of Parliament was held, and on Nov. 20, N. C. Havenga, Minister of Finance, reaffirmed the decision to remain on gold. An emergency bill to that effect was carried by 78 to 53 on Nov. 25. A new coin of 113 grains fine, called the "rand," will replace the pound. Arrangements must be made to allow the Reserve Bank to diminish its legal gold reserve if necessary to support exchange by shipping bullion, and to compel the mines to sell gold to the Reserve Bank instead of shipping it to London. In all, the government has decided that the sufferings of primary producers will be temporary and are worth the price of economic independence.

THE NEW ZEALAND ELECTION

Prime Minister G. W. Forbes of New Zealand and leader of the Reform-United Coalition which had a majority of about 46 to 23 over the Labor Opposition in Parliament, announced on Oct. 23 that a general election would be held on Dec. 2 to secure approval for his policies of retrenchment and financial reform. On Nov. 2 the Cabinet took the unusual step of reducing some tariff rates and curtailing public works financed by loans. He hoped to divert labor from uneconomic industries and unjustifiable public works to agriculture and the development of waste-lands. The election resulted in a victory for the Coalition, with 29 seats held by the Reform

party, 21 held by the United party and one Independent, as against 24 Laborites and a possible 5 Independent supporters.

THE REBELLION IN CYPRUS

The total number of those deported from Cyprus for life was ten, including two former members of the Legislative Council, in which the agitation against tariff changes was carried on to the point of mass resignation and the excited procession which culminated in the destruction of the Governor's house. The deported churchmen were the Bishops of Kitium and Kyrenia. The total number of deaths during the disturbances was six. The municipalities were made responsible for all damage done by the rioters. The departure of the naval vessels and aeroplanes on Nov. 9 marked the end of disorder. On Nov. 17 the Legislative Council was suspended and legislative powers were conferred on the Governor.

END OF EAST AFRICAN UNION

The British Parliamentary committee on the closer union of East Africa published its report on Nov. 3. It rejected the proposals for administrative union of Uganda, Kenya and Tanganyika, thus disposing of a long-disputed constitutional controversy. Continuous cooperation through conferences was recommended, as was the appointment of an adviser on transportation empowered to advise the three Governors.

The Statute of Westminster: Full Text

THE Statute of Westminster, the momentous act of the British Parliament under which the Dominions are given a status equal to that of the mother country and thereby what amounts to virtual independence (see the article, "The British Commonwealth of Independent Na-

tions," by Robert A. MacKay, *CURRENT HISTORY*, September, 1931, pages 845-848), received the royal assent on Dec. 11. The full text of the act, the purpose of which is "to give effect to certain resolutions passed by imperial conferences held in the years 1926 and 1930," is as follows:

Whereas the delegates of His Majesty's Governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, at Imperial Conferences holden at Westminster in the years of our Lord nineteen hundred and twenty-six and nineteen hundred and thirty did concur in making the declarations and resolutions set forth in the Reports of the said Conferences:

And whereas it is meet and proper to set out by way of preamble to this Act that, inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom:

And whereas it is in accord with the established constitutional position that no law hereafter made by the Parliament of the United Kingdom shall extend to any of the said Dominions as part of the law of that Dominion otherwise than at the request and with the consent of that Dominion:

And whereas it is necessary for the ratifying, confirming and establishing of certain of the said declarations and resolutions of the said Conferences that a law be made and enacted in due form by authority of the Parliament of the United Kingdom:

And whereas the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland have severally requested and consented to the submission of a measure to the Parliament of the United Kingdom for making such provision with regard to the matters aforesaid as is hereafter in this Act contained:

Now, therefore, be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. In this Act the expression "Dominion" means any of the following Dominions, that is to say, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland.

2. (1) The Colonial Laws Validity Act,

1865, shall not apply to any law made after the commencement of this Act by the Parliament of a Dominion.

(2) No law and no provision of any law made after the commencement of this Act by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future Act of Parliament of the United Kingdom, or to any order, rule or regulation made under any such Act, and the powers of the Parliament of a Dominion shall include the power to repeal or amend any such Act, order, rule or regulation in so far as the same is part of the law of the Dominion.

3. It is hereby declared and enacted that the Parliament of a Dominion has full power to make laws having extra-territorial operation.

4. No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof.

5. Without prejudice to the generality of the foregoing provisions of this Act, sections seven hundred and thirty-five and seven hundred and thirty-six of the Merchant Shipping Act, 1894, shall be construed as though reference therein to the Legislature of a British possession did not include reference to the Parliament of a Dominion.

6. Without prejudice to the generality of the foregoing provisions of this Act, section four of the Colonial Courts of Admiralty Act, 1890 (which requires certain laws to be reserved for the signification of His Majesty's pleasure or to contain a suspending clause), and so much of section seven of that Act as requires the approval of His Majesty in Council to any rules of Court for regulating the practice and procedure of a Colonial Court of Admiralty, shall cease to have effect in any Dominion as from the commencement of this Act.

7. (1) Nothing in this Act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.

(2) The provisions of section two of this Act shall extend to laws made by any of the Provinces of Canada and to the Powers of the legislatures of such Provinces.

(3) The powers conferred by this Act upon the Parliament of Canada or upon the legislatures of the Provinces shall be restricted to the enactment of laws in relation to matters within the compe-

tence of the Parliament of Canada or of any of the legislatures of the Provinces respectively.

8. Nothing in this Act shall be deemed to confer any power to repeal or alter the Constitution or the Constitution Act of the Commonwealth of Australia or the Constitution Act of the Dominion of New Zealand otherwise than in accordance with the law existing before the commencement of this Act.

9. (1) Nothing in this Act shall be deemed to authorize the Parliament of the Commonwealth of Australia to make laws on any matter within the authority of the States of Australia, not being a matter within the authority of the Parliament or Government of the Commonwealth of Australia.

(2) Nothing in this Act shall be deemed to require the concurrence of the Parliament or Government of the Commonwealth of Australia in any law made by the Parliament of the United Kingdom with respect to any matter within the authority of the States of Australia, not being a matter within the authority of the Parliament or Government of the Commonwealth of Australia, in any case where it would have been in accordance with the constitutional practice existing before the commencement of this Act that the Parliament of the United Kingdom should make that law without such concurrence.

(3) In the application of this Act to

the Commonwealth of Australia the request and consent referred to in section four shall mean the request and consent of the Parliament and Government of the Commonwealth.

10. (1) None of the following sections of this Act, that is to say, sections two, three, four, five and six, shall extend to a Dominion to which this section applies as part of the law of that Dominion unless that section is adopted by the Parliament of the Dominion, and any Act of that Parliament adopting any section of this Act may provide that the adoption shall have effect either from the commencement of this Act or from such later date as is specified in the adopting Act.

(2) The Parliament of any such Dominion as aforesaid may at any time revoke the adoption of any section of this Act.

(3) The Dominions to which this section applies are the Commonwealth of Australia, the Dominion of New Zealand and Newfoundland.

11. Notwithstanding anything in the Interpretation Act, 1889, the expression "Colony" shall not, in any Act of the Parliament of the United Kingdom passed after the commencement of this Act, include a Dominion or any Province or State forming part of a Dominion.

12. (1) This Act may be cited as the Statute of Westminster, 1931.

(2) This act shall come into operation on the first day of December, nineteen hundred and thirty-one.

France Feels the Economic Pinch

By OTHON G. GUERLAC

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WHEN Premier Laval of France, returning from his wanderings, reappeared before Parliament on Nov. 12, he was met by an Assembly eager to know what he had done during the four months' vacation and by no less than seventy-four requests for interpellations.

These ranged, as usual, from the many-sided foreign situation and the ever-increasing seriousness of unemployment, to the "undue length of the Parliamentary recess" and the spectacular fight against Corsican ban-

aits. In a House of 612 members, most of whom have solutions to offer and grievances to air, it may be imagined what a flood of oratory will flow from the tribune.

The seriousness of the economic situation was recognized by the Opposition and the government alike. "All industries except those that work for M. Maginot (the Minister of War) are seriously hit," said the Socialist leader Léon Blum on the opening day. The Prime Minister acknowledged that during the Summer

the administration had had to solicit from the Council of State an additional appropriation of 47,000,000 francs (about \$1,875,000) to help the unemployed. During the debate every kind of remedy was suggested. Some orators wanted higher protective duties for one industry or another. An import duty of 25 per cent ad valorem on shoes was voted to defend the French shoe industry against Czechoslovak competition. Protectionist agitation in general was increased as a result of the new British tariff policy, and duties were raised 15 per cent against all countries with a depreciated currency. A more drastic attempt to levy a tax on all incoming raw materials and manufactures, however, was defeated by a vote of 325 to 261 on Dec. 8.

Other members of the House sought to meet the rising tide of economic difficulty by demanding the expulsion from France of all foreign wage earners. Even the Socialists voted for a temporary barring of alien workers and for the restriction of foreign labor in French industries to 10 per cent. The most constructive measure was taken on Dec. 5, however, when the Chamber accepted the national equipment bill calling for the expenditure of \$140,000,000 on public works. Two-thirds of the money will be found by the State by the mobilization of credits due for deliveries in kind, by treasury advances and by a loan. The other third will be raised by the departments and communes out of local budgets or local loans. It is estimated that work will be provided for 100,000 persons in many different trades for at least a year.

The threatened rise in railway fares, necessitated by the huge deficit of \$200,000,000 (French railways have the lowest rates in Europe), caused quite a flurry at the first meeting of the House. The Radical-Socialist, Daladier, asked for a full discussion by the Chamber, while the Premier, who has the right to raise

rates by decree, intended to discuss the question only before the interested committees. In the test vote that ensued M. Laval won by the small margin of 37. He stated later that while the decision had been provisionally postponed, some measure of relief will have to be given. Railroad fares in France are still 18 per cent cheaper, on a gold basis, than they were before the war, while taxation has so increased that the government takes 30 per cent of all fares.

The debate on foreign affairs concerned the problem of Franco-Soviet relations, ably presented by the young Radical Deputy, Bergery; the loans made to Poland, Yugoslavia and Hungary, which totaled, according to one authority, \$40,000,000; the Laval trip to Washington and the German reparations. M. Bergery reproached the majority for not having accepted in 1927 the Soviet offer of partial settlement of pre-war debts in exchange for credits needed by the Russians, a bargain which would have given to France a substantial portion of the commerce that has since gone elsewhere. The political loans to the three countries mentioned were criticized both as illegal, having been made without the consent of Parliament, and as extravagant, for they crippled the treasury already threatened with a large deficit.

The Franco-German problem was discussed in much the usual terms. Members of the Right complained again of continuous concessions made to a recalcitrant and defaulting debtor who manages to find money for sumptuary expenses and pocket-cruisers; the members of the Radical-Socialist and Socialist groups pointed out the need of a realistic policy and the necessity of facing the inevitable disappointments that the reparations schedule was sure to bring. Several Socialists called for genuine and drastic disarmament. The response of M. Laval, which took into consideration the complexion of his majority, disap-

pointed many foreign observers and irritated the Germans. After justifying his Washington trip in that it placed France in her true light before the American public and dissipated all misunderstandings, he claimed to have brought President Hoover to see the superiority of the normal procedure provided by the Young Plan over the exceptional régime of the moratorium. However much he wanted to see Germany solvent he could not, he added, permit German private debts to be put ahead of reparations and he insisted that if payments to France are reduced by Germany, French obligations to other countries must be cut in the same ratio. The declaration of M. Laval was approved by the Chamber.

DISARMAMENT CONFERENCE RIOT

The International Disarmament Conference which took place in Paris in the last days of November illustrated anew the difficulty of agreement on this question. While the first few days' proceedings went off peaceably enough, the final meeting, on Nov. 27, presided over by M. Herriot and addressed by Viscount Cecil, Signor Scialoja, Alanson B. Houghton and many other distinguished speakers, was broken up by rowdiness organized by some so-called "patriotic" organizations and by a group of young Royalists who have specialized for many years in scenes of this sort. Those Paris papers which tried to condone this outburst found an excuse in what they called the resentment of some French parties toward foreigners who wish to "disarm France" without providing her with the assurance of safety by an international force or a treaty of mutual guarantee.

RADICAL-SOCIALIST POLICIES

The Radical-Socialist party held its twenty-eighth convention in Paris on Nov. 5-8. Edouard Herriot was unanimously elected president, succeeding

M. Daladier. On the question of Parliamentary tactics it was voted, after a speech by ex-Premier Chaumets, "to remain in the Opposition and leave to the majority the responsibility of an economic, financial and foreign policy which they have always denounced." In the debate on foreign policy certain remarkable statements were made. The young Deputy from Savoy, Pierre Cot, who last year had somewhat frightened certain members of the party by his bold internationalism was content this year to advocate only simultaneous reduction and supervised limitation of armaments, extension of the powers of the League of Nations with an international force at its disposal, internationalization of all commercial aviation and prohibition of the private manufacture and sale of arms.

The speech of M. Cot was enthusiastically received. M. Herriot, who followed him and claimed to be in entire accord with his conclusions, was more concerned, however, with defending against the Socialists his own attitude on the *Anschluss*, the Hoover moratorium and the military appropriations. He resented the accusation of nationalistic tendencies which had been leveled at him, but proclaimed the necessity of prudence. "As long as war is possible," he stated, "I shall not consent to unilateral disarmament," and he showed how, to his mind, certain German attitudes justified precautions and suspicions. He declared himself "both a pacifist and a patriot" and likewise was ready to accept the possibility of revision within the framework of the treaty of Versailles.

BANDITS IN CORSICA

The romance of Merimée's *Colomba*, that favorite novel about Corsican bandits, is not altogether outmoded today. Outlaws still terrorize the neighborhood and kill gendarmes, a process which meets with the approval and good-will of many Corsicans. In the last two years fifty murders

have been committed by these "heroes," and six victims have been gendarmes. At the beginning of November it was decided to stamp out this banditry, which had become a serious menace to business and to tourists. Five hundred and forty men, equipped with armored cars, police dogs and machine guns, and accompanied by a corps of correspondents, were dispatched to the island and, in cooperation with warships, undertook a thorough round-up of the desperadoes.

Nearly a hundred people were arrested, including a few bandits. Many hid in the bush, and these the authorities expect to starve into submission. Naturally, local pride was wounded by the unpleasant notoriety given to what is almost a national institution. The local papers protested against what one of them calls "the worst humiliation that could be inflicted upon the country." An interpellation in the Chamber by the Communist Deputy, Berthon, elicited the response from M. Laval that conditions necessitated this show of force and that he regretted the unwholesome publicity.

DEATH OF LOUIS LOUCHEUR

The death on Nov. 22 of Louis Loucheur at the age of 59 deprived France of one of her most gifted statesmen. Son of a humble railway-crossing keeper, he had been able, thanks to the system of French scholarships, to receive a sound education and to become a prominent engineer of the North Railway Company. Abandoning this position for a private career as a railroad builder and promoter, he amassed a large fortune. In November, 1914, he was drafted by Millerand to organize the manufacture of war material. In 1916 he entered the Briand Ministry as Under-Secretary of Armament, and from that time on held important posts in various Ministries, his last appointment having been in the short-lived Steeg Cabinet. In 1919 he was elected a

Deputy. A member of the Radical Left, his remarkable power for work, his skill as a debater, his broad and bold views in economic and administrative matters made him one of the most influential men of the post-war period. In 1922 he signed with Rathenau the famous Wiesbaden agreement for the payment of reparations in kind. At Geneva, where he was often sent as a delegate to the League of Nations with his friend Briand, his influence was notable. As the Speaker of the Chamber stated in delivering his eulogy before the House, Loucheur was at the same time a patriotic Frenchman and a good European.

THE OPENING OF THE BELGIAN PARLIAMENT

When the Belgian Parliament opened on Nov. 10, Jules Ponthieu, Catholic Deputy, was re-elected president of the Chamber, while the Senate similarly honored the Minister of State, Charles Magnete, liberal Senator from Liège. Socialist interpellations on the economic crisis filled the first week. Statistics show that on Nov. 15 there were about 80,000 men unemployed and about 100,000 only partially unemployed. In spite of the strict economy plan of the government it may be necessary, under the pressure of both the industrialists and the Socialists, to institute a program of construction of public works, such as France has already done.

The impending British tariff, which has caused France so much concern, has likewise added to the Belgian economic unrest. On Nov. 28 it was announced that all glass manufactories would be closed at the end of December, to open three months later, but only on half time. The flax and tapestry industries have also been seriously affected. Foreign Minister Hymans has attempted to negotiate with the British Government an accord that might forestall some of the results anticipated. If this is unsuc-

cessful, however, the House will vote upon the question of an economic union with Holland and France, and perhaps also with the Scandinavian countries. Belgium has already sent a delegate to the conference called at Hamburg to discuss the attitude to be taken by all countries threatened by the British tariff.

The Flemish spirit seems to live on

unabated. On Nov. 24 King Albert was booed and hissed at St. Trond by a crowd of Louvain students and Flemish nationalists who shouted: "Down with the King, long live Borms!" Borms is the Flemish separatist who, after being freed from a sentence of life imprisonment, has become the standard bearer of the extremists of the "front party."

Germany in Suspense

By SIDNEY B. FAY

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WHILE Germany's delegates were appearing before the Young Plan advisory committee in an attempt to secure for the Reich an effective relief from reparations (see pages 571-575 of this magazine), the country itself was beset by internal political troubles which have long been brewing and which keep the people in a state of suspense as to what is likely to happen next. Although Chancellor Bruening must have for months been aware of the growing strength of German Fascism, it was not until early in December that he took definite steps toward exorcising the brown-shirted spectre which recent local elections have shown to be gaining in power and popular support.

In balloting for the Hessian Diet on Nov. 15 the National Socialists more than doubled the popular vote which they cast at the Reichstag election of September, 1930, the returns indicating about 290,000 now, as compared with 138,000 fifteen months ago. This gives them thirty of the total of seventy-two seats in the new Hessian Diet, as compared with the one seat which they secured in the last local election of 1927. The Communists also made considerable

gains at the expense of the Social Democrats. The voting was once more symptomatic of the political drift throughout Germany. The Roman Catholic Centre party holds its own, but the Social Democrats are losing, while many of the old small parties are being almost wiped out as their former members vote for Hitler's candidates.

With the election victories Hitler's claims and promises have swollen in proportion. He now claims that he could win 15,000,000 votes in a general Reichstag election—more than a third of the electorate. He has been very voluble at home and to foreign correspondents concerning some of the things he will do when his followers come into power. He himself will not seek the Presidency, though he declines to say who will be his candidate or what governmental changes he will make. He will not "march on Berlin," because Berlin will have to capitulate to the overwhelming number of his followers in a legal and constitutional election sooner or later. He will respect all private commercial debts owed by Germans abroad, but he will pay no more "tribute" in the form of reparations. He will avoid as far as pos-

sible any further German borrowing abroad at ruinous rates of interest, and will try to build up German capital within the country. The details of his economic program, however, he will not now reveal, lest the Bruening Cabinet steal his thunder.

In general, in spite of the somewhat extravagant language in which Hitler voices his claims and promises, one notes a decided trend in the direction of moderation in the substance of his policies. If indeed his party should come into power within the next few months and he should actually have to assume responsibility, it is probable that he would move still further in the direction of moderation. It is an often-observed political fact that radicals and extremists who are loud in denunciation of their opponents while out of office become much more moderate and reasonable when they themselves get into office and have to assume serious responsibilities. So would it probably be with this dramatic young man of 44 who, next to his contemporary, Chancellor Bruening, and to the venerable President of the Reich, von Hindenburg, has now become the most interesting and powerful political figure in Germany. (See article by Gerhard Friters on pages 532-536 of this magazine.)

CHANCELLOR BRUENING'S NEW DECREES

While Hitler was going up and down the land making speeches and giving interviews to foreign correspondents Chancellor Bruening was hard at work drafting new emergency decrees to save Germany from bankruptcy, relieve depression, stimulate foreign trade, and preserve the republic from serious political and economic disorders. His long-heralded program, signed by President von Hindenburg and issued on Dec. 8, contains the following drastic provisions: House rents and the prices of standardized articles controlled by the cartels, including coal, iron

and potash, are to be cut 10 per cent. Other cartel agreements are declared void. A price commissioner, who will see that the intended reductions in prices are really effected, is appointed. Official salaries in the Reich, the States and the communes are cut 9 per cent, effecting a saving estimated at \$20,000,000. Wages are reduced 10 per cent. Physicians' fees are lowered and easier terms for health insurance are made available.

Interest rates on loans, bonds and mortgages, public and private, up to 8 per cent, are cut to 6 per cent; and those above 8 per cent are cut by a quarter to one half. The Lombard rate (interest on security loans) is reduced from 10 to 9 per cent. Parallel with these reductions, the Reichsbank is to lower its discount rate from 8 to 7 per cent. Landowners are protected against forced auction sales by the provision that no bid under 70 per cent of the property's valuation need be accepted. Some taxes are reduced but the turnover is raised from 85-100 of 1 per cent to 2 per cent. Measures against the flight of capital abroad are strengthened by the provision for various degrees of confiscation. As a special tax on those who evade German taxation by living abroad, it is decreed that these are to deliver 25 per cent of their funds invested in Germany; if they fail to pay this special tax they are to be arrested and sent to jail.

In order to prevent street disorders and demonstrations hostile to the government, the wearing of political uniforms of any kind is forbidden except in homes. In order to secure a "Christmas political truce," all political meetings and outdoor demonstrations were prohibited until Jan. 2, 1932. Three months' imprisonment is threatened to all who defame public officials. The sale of firearms and other weapons is limited and public authorities are empowered to seize those now in private hands.

In a brief radio address accompanying the issuance of these decrees,

Chancellor Bruening explained that they marked the end of the post-war reconstruction measures for deflation and for improvement of Germany's distressed condition. He excoriated Hitlerism, denouncing Hitler for making claims and promises as if he represented Germany, and declaring that he himself alone could speak officially for the country.

The Federal Government's attitude toward Hitler was so uncompromising that he was forbidden to make a transatlantic wireless talk on Dec. 11, and the Prussian Government was reported to have threatened him with expulsion if he persisted in using Berlin as a base for his foreign propaganda. The Fascist leader left the national capital on Dec. 14, not, however, altogether because of the hostility of the Bruening régime. It appears that he has been having difficulty with Paul Joseph Goebbels and Gregor Strasser, his deputies in Northern Germany, who do not approve of the "legal" methods by which their chief proposes to take over the control of the Reich. Strasser, speaking in Stuttgart on Dec. 11, promised that the reordering of the nation will be drastic. "Let no one talk to us of mercy," he said. "No mercy has ever been shown us. We shall be hard, ruthless and brutal in cleaning up the trash of the last twelve years, and we shall not yield an inch." Hitler, on the other hand, has apparently decided that the Nazi rise to power must be altogether gentle and that some sort of modification of policy must precede that accord with the present government which Chancellor Bruening's outspoken denunciations of Dec. 8 have, on the face of the matter, forced him to consider seriously.

THE DEPRESSION IN HOLLAND

Holland, though one of the richest and economically one of the most healthy countries of Europe, has been unable to escape some of the effects of the general world depression. To aid the unemployed, Princess Juliana opened on Nov. 23 a meeting of a

new National Crisis Committee, declaring that great distress necessitated great measures. Queen Wilhelmina contributed 10,000 guilders (\$4,000) to the committee and placed one of her palaces at its disposal. The government contributed 750,000 guilders (\$300,000), and other large gifts have been promised.

To offset the new British tariff and possible dumping by countries with depreciated currencies, the Second Chamber in Holland by a vote of 56 to 36 on Nov. 19 adopted a bill raising the general import tariff from 8 to 10 per cent ad valorem. It is regarded as a temporary measure, to run until January, 1935.

Trouble between weavers in one small Dutch textile factory who demanded an increase in wages, and the managers, who insisted on a reduction in wages on account of general economic conditions, threatened early in December to spread to thirty other textile mills and cause a general walkout involving 18,000 weavers and spinners.

ELECTIONS IN SWITZERLAND

The reduction of the number of members of the National Council of the Swiss Confederation from 198 to 187, effected by a referendum several months ago, resulted in gains by the anti-bourgeois parties in the general election held on Oct. 25. The bourgeois groups, the strongest of which are the Liberals with fifty-two Deputies, the Catholics with forty-four, and the Agrarians with thirty, have eleven fewer seats in the new Council than they had in the old one. While the Socialists lost one seat, being cut from fifty to forty-nine, the Communists gained one, giving them a total of three. The total popular vote rose from 804,607 in 1928 to 849,800, of which the Socialists cast 246,572, a gain of 26,141; the Liberals 230,698, a gain of 10,563; the Catholics 183,765, a gain of 11,249; the Agrarians 131,285, a gain of 4,324; and the Communists 15,831, a gain of 1,013.

Spain Under a New Constitution

By WILLIAM E. LINGELBACH

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SPAIN at the end of November saw the completion of the Constitution on which the Cortes has been at work continuously since July 14. In many ways it is one of the most remarkable instruments of government developed in the post-war years. According to Louis Jimenez Asua, chairman of the Assembly's committee on the Constitution, it was influenced mainly by the German, Mexican and Russian models, while at the same time a determined effort was made to inject into it the "life blood of the revolution."

According to the new Constitution "Spain is a republic of the workers of all classes." Men and women 25 years of age have the right to vote, and provision is made for a referendum by the people on any provision of the Constitution, save the articles dealing with the church, if demanded by 15 per cent of the voters. The machinery of government is simple. There is a President and a Parliament of one chamber. The President, save for the first one, is elected for a term of six years by an electoral college, one-half elected by the direct vote of the people, the other by the legislative body. He is given extensive powers which are defined in a section of twenty-two articles that also establish careful safeguards against Executive usurpation. He cannot, for example, suspend the Cortes more than twice in the same year, and then for short periods only. Similarly, he may dissolve Parliament only twice during his Presidency, and must order a new election within sixty days. It must be admitted that constitutional safe-

guards have not, as a rule, been very effective against the ambitions of dictators. In Spain itself the Constitution of 1876 had similar provisions, yet during the six years from 1923 to 1929 the Cortes was not summoned.

Among the other provisions, most of which are already fairly well known, are the separation of church and State, rigorous regulations governing the religious orders, the secularization of education, easy divorce through the secular courts, equality of illegitimate children with legitimate, provisions for nationalization of property, especially of large landed estates and of essential industries, an Economic Council with power to draft measures on economic matters and submit them to the Cortes, and a liberal measure of home rule for Catalans, Basques and others. A special article voted by acclamation provides that the national flag shall be the revolutionary red, yellow and purple horizontal stripes. Entirely novel and altogether unique is the provision forbidding any declaration of war that is not in accord with the agreements of the League of Nations or obviously defensive.

The mere summary of these provisions reveals how completely the Cortes, in the course of less than six months, has transformed a semi-feudal nation into an up-to-date modern State with decidedly Socialistic tendencies. It now remains to be seen whether the subsidiary legislation under the Constitution will follow radical lines and carry Spain still further toward socialism, or whether conservative policies will prevail. The

election of Niceto Alcala Zamora on Dec. 10 as the first President of the Spanish Republic should afford some assurance of moderation.

In the meantime, the government is making no concessions. On Nov. 20 Alfonso XIII was declared "guilty of high treason" against the sovereignty of the Spanish people, despite the courageous defense of the ex-King by his old friend, Count de Romanones. The bill not only strips him of his title and possessions—estimated at \$10,000,000—but imposes "perpetual imprisonment in case he steps upon Spanish soil." Newspapers like *ABC*, which protested, were promptly suppressed for several days. Three days later, on Nov. 23, Casares Quiroga, the Minister of the Interior, under the defense of the republic act, sentenced, without trial, three persons to exile, five to remote villages in Spain and two to fines of 2,000 pesetas each (about \$400 at par value of the peseta) for alleged participation in what he called a "Catholic political plot." *El Debate* declared the charges were trumped up. This arbitrary administration of the act is the more remarkable because on Nov. 25 the Cortes passed a broad general amnesty bill the details of which were left to the government to work out. Under the plan, many political prisoners, held since the proclamation of the republic, will be released, members of the Spanish nobility abroad will be allowed to return, and sentences of criminal offenders reduced or abrogated.

On the economic side considerable hesitation has manifested itself in business because of the uncertainties arising out of the Socialist provisions of the Constitution and the two-year land program announced by Fernando de Los Rios, Minister of Justice, on Nov. 29. The proposed legislation which, he says, has the support of President Zamora, provides for the breaking up of the large estates with only slight compensation to the owners and the turning

over of the land to thousands of landless peasants for collective farming. Another objective of the Socialists appeared in the bill early in the month to bring the Bank of Spain—a semi-private institution—more directly under the control of the government. The directors resigned in protest, but were persuaded by the stockholders to remain lest control of the institution pass entirely to the Socialists. Temporarily the move was blocked. In the meantime, the Minister of Finance, Indalecio Prieto, announced his determination to see the measure through. "Either the bank beats the government or the government beats the bank," he declared, in an animated meeting of the Cabinet. The government is anxious to use more of the gold reserve employed to maintain the rather unusually high ratio of the gold cover, and to issue more paper money to meet the decline in national income which has resulted from the establishment of the republic and the program of socialization. Under these conditions the peseta, which at par is 5.18 to the dollar, fell to a new low of 11.56 during the month. A 50 per cent cut in the number of civil employes was made in October. It involves taking the names of thousands of public servants, whose work had been entirely perfunctory, off the payroll. Along with this measure went an increase of 20 per cent in the salaries of the remainder, for the purpose of improving the service and attracting to it young men and women devoted to the republic.

The measure has caused much criticism and discontent. Added to the dissatisfaction over the legislation against the church, it may serve to bring about a swing toward the Right in the elections for a new Cortes. Though quiescent for the time being, the church question, the demands for greater autonomy in Catalonia, the Basque provinces and Andalusia, and the hostility of the middle class to socialism contain latent dangers to

the republic which may at any time assume serious proportions.

ITALY'S FOREIGN AFFAIRS

News of the domestic affairs of Italy has been eclipsed somewhat during the month by the spectacular visit to the United States of Signor Dino Grandi, Italy's Foreign Minister. This was emphasized still further by the fact that the brilliant young representative of Mussolini and of Fascist Italy spoke with extraordinary frankness on the great international problems of today. In all his public utterances he stressed the necessity of immediate steps toward the solution of the four major problems confronting the world at this time—the settlement of financial obligations resulting from the war, the establishment of economic cooperation between nations, the problem of security and, finally, the imperative need of reduction and limitation of armaments. In line with the Duce's speech to the assembled Fascisti in Naples on Oct. 25, he urged action in the cause of peace. "The world is in the midst of a crisis," he declared; "wholehearted cooperation is needed. * * * When the house is burning there is no time to argue where the furniture is to be placed." "Italy," said Signor Grandi, "favors a peaceful revision or modification of post-war treaties, including the Treaty of Versailles, particularly in regard to frontier lines."

In view of the economic and financial situation some sort of military and naval holiday is a matter of supreme importance to Italy. Besides, as matters stand at present, she will be in a very favorable position relatively for the setting up of ratios at the Geneva Disarmament Conference in February.

In the meantime, the government has been speeding up the naval program. Not only did Italy launch 20,325 tons more in 1930 than did France, but she is making full preparation for the five-year competition beginning January, 1932, unless the Geneva con-

ference brings about an agreement. Her shipyards are superb and, despite the general depression, are busy day and night building war vessels for the Argentine, Brazil, Turkey, Greece, Rumania and Soviet Russia.

ITALIAN ECONOMIC CONDITIONS

Unfortunately, other industries are not prospering as is shipbuilding, although recent months have shown a favorable trade balance. The actual volume of exports, even if the low cost of raw products is considered, shows a steady though modest increase. On the whole, the Italian press is optimistic on the business outlook. The gold reserve of the Bank of Italy has been increasing, while the foreign exchange holdings and notes in circulation have decreased till the average is now about 40 per cent. Serious alarm has also been caused among the wine-makers by the decision on the part of the Minister of Agriculture to enforce the new law limiting the production of certain well-known Italian wines to the regions where they originated. For many years the producers have been making wines to type and not necessarily in the district where the particular wine was first produced. The six wines involved are Marsala, Asti Spumante, Asti Moscato, Orvieto, Soane and Altoatesini, but the plan includes similar regulations for the popular Chianti and the wines of the Castelli Romani. Every year many millions of liters of these wines are exported, Orvieto being particularly popular in Germany, France and South America, three-fourths of the entire production of 11,500,000 liters being sent to these countries. The yield of Marsala in the region near Palermo is over 20,000,000 liters; a medium production for Altoatesini is about 30,000,000, and for the two qualities of the Asti over 25,000,000.

As a part of the government planning for the economic stabilization of the nation the Banco Commerciale

Italiano, Italy's largest financial institution, with affiliates in many countries—three in the United States—announced on Nov. 3 that it would withdraw from all commercial activities and in the future confine itself entirely to banking. Its large holdings of industrial and real estate securities will be transferred to a new credit institution, the "Istituto Mobiliare Italiano," authorized in a Cabinet meeting over which Mussolini presided on Nov. 9. The government at once placed 26,000,000 lire (the lira is worth 5.26 cents at par) to its credit. Subscriptions were opened for an equal amount of the stock on Nov. 16, with the surprising result that it was entirely underwritten on the same day. Its chief work will be to thaw out

"frozen" credits by financing industrial and agricultural enterprises on long-term credits. The Banco Commerciale Italiano, on the other hand, by getting rid of its "frozen" assets, will greatly increase its liquid capital.

The demands of the State upon the national resources are heavy, and considerable opposition to some of the special taxes to balance the budget has appeared, especially in the cities. The new window tax, for example, is most unpopular, shopkeepers even going into "mourning" by covering their windows with black paper. Perhaps because of the justice of the protest or because of its conspicuousness, the government ordered a ten-day moratorium on the tax in order to investigate the situation.

Steps Toward Balkan Cooperation

By FREDERIC A. OGG

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ALTHOUGH few of the resolutions adopted at the first Balkan Conference, held in Athens in the Autumn of 1930, resulted in action, a second conference convened in Istanbul on Oct. 20, 1931. Surveying the outcome, at the conclusion of a session of some ten days, most participants and observers believed that all reasonable hopes had been fulfilled. Needless to say, the discussions brought out sharp differences of view and policy. Basic to the entire deliberation was the question of whether, in order to expedite agreement on various matters of an economic nature, political questions should be barred, at all events until after economic settlements had been arrived at, or whether those members were correct who urged that no lasting rapprochement could be attained without first disposing of political problems, notably that of the treatment of

minorities in Bulgaria. Neither view prevailed exclusively because, as every delegate realized, political and economic issues are, in the Balkans as everywhere else, inseparable. Political discussions, however, were not allowed to gain such intensity as to frustrate certain important economic agreements.

Understandings were reached concerning the establishment of a common agency for controlling and coordinating the production of tobacco, a principal product of nearly every Balkan country, the founding of a Balkan cereal union and the creation of a Balkan Chamber of Commerce in Istanbul charged with recommending tariff measures and preparing a plan for a partial customs union. A project for a Balkan postal union was approved, and transport was discussed. Even a proposal for the unification of civil law was not frowned down.

Whatever may subsequently come of it, the most challenging phase of the work of the conference was the unanimous adoption of a resolution instructing a special committee to draw up a non-aggression pact to be submitted to the various Balkan governments three months in advance of the 1932 meeting, and to be placed on the agenda of that gathering. Some wanted the pact used in the recent conference; better judgment, however, prevailed, and there will now be opportunity for a plan to be elaborated thoughtfully and with due regard for the appalling variety of attitudes and susceptibilities to be encountered. The task may prove an impossible one. But that it should be undertaken at all is encouraging. As adopted, the resolution not only accepted the principle of the outlawry of war and substituted for it that of arbitration, but recommended that the Balkan States proceed with the negotiation of bilateral arbitration treaties among themselves. The hope was also expressed that the disarmament conference would yield positive results.

THE ELECTION IN YUGOSLAVIA

On Nov. 9 Yugoslavia held the first general election since the beginning of the dictatorship in 1929. Nominally, the dictatorship had ended, and under the terms of a new national Constitution promulgated in September a Parliament was being chosen as an instrumentality of a revised democracy. Actually, "constitutional" dictatorship persisted, and the election presented just enough of the appearance of a free contest to make, it was hoped, the right impression on foreign governments and financiers.

There were 1,200 candidates for the 310 seats in the lower chamber, but the whole number were "government" candidates, presented on a single list, and with but a single program—that of the government. Indeed, in the light of a recent speech by Foreign Minister Marinkovitch, it did not appear that those who came off victorious would,

as members of Parliament, have much to say about even that program. Parties which charged that the prisons were overflowing with their supporters, who tried to collect the number of signatures requisite for candidacy, urged their adherents to refrain from voting. On the other hand, the Central Electoral Board threatened to punish abstainers. The upshot was that a total of 2,324,645 votes were cast—42 per cent of the electorate in Zagreb, 50 per cent in Dalmatia, 70 per cent in Bosnia and in Slovenia. There were no riots or similar disorders, but plenty of instances of alleged high-handed conduct by government agents and the police.

Included among the victors were former Radicals, Democrats, Independent Democrats, Croatian Peasants, Socialists, and what not, but all had gone into the contest bearing the government label. While nothing could be more certain than that wide differences of view among the parties to which they formerly adhered had not been so obliterated that the new Skupshtina could be regarded as a truly coherent political body, the rise of anything resembling a parliamentary "opposition" seemed precluded by a provision of the electoral law under which any deputy failing to support the "party" on whose list he has been elected ceases to be a member of Parliament. At all events, an opposition would seem impossible unless the government should decide that the formation of one would create an advantageous impression abroad. Of one thing there could be no doubt—that the imposing paper results of the election strengthened the determination of the Zhivkovitch Ministry to continue to conduct the country's affairs in a strong national spirit and on the lines already being pursued.

CZECHOSLOVAK FOREIGN POLICY

Foreign Minister Benes, at the close of the recent budget debate in the Czechoslovak Parliament, expounded

the government's foreign policy in which he declared that disarmament and guarantees of security must go hand in hand and cannot be expected to be attained except by gradual stages. The success of the coming general disarmament conference, he said, will depend on the moral condition of Europe when the conference assembles, the possibility of assuring small nations certain guarantees "to be given by the international peace institutions," and the friendly attitude of nations toward one another. As for Czechoslovakia herself, he added, every one should be able to understand that it is to her interest to be on terms of peace and good will with all her neighbors—because of the small size of the country and its none too numerous population placed at a spot which has always played a rôle in history as the meeting point of different civilizations, and which on that account was exposed to the menace of wars.

The world-wide depression has affected Czechoslovakia less seriously than most other countries. Yet, with industries that depend largely on export, she too has felt the pinch. Exports have fallen off, on account of both general trade depression and higher protective tariffs in other countries; home consumption has declined; and unemployment has mounted, although still considerably short of the figures reached during the deflation crisis of some eight years ago. Besides direct doles, the government is alleviating unemployment by providing work on railroads, highways, State watering places and forests. There has been consideration also of a plan under which working hours would be restricted to forty a week, wages and output remaining the same, and with the number of workmen correspondingly augmented.

In the domain of finance, the republic has for years pursued a provident policy which is reflected in a constantly balanced budget, relative freedom from the necessity of borrowing,

creation of substantial reserves for hard times and stability of currency during a period of years in which all neighboring lands have suffered from inflation and acute financial crises. As a consequence, the republic has found itself in an exceptionally strong position to deal with the current depression.

PLOT AGAINST HUNGARIAN GOVERNMENT

On the night of Nov. 27, thirty-two persons were arrested in Hungary, ostensibly because they had planned to rob a leading Budapest bank, but actually on the ground that they were plotting a coup against the government. Arrests were made simultaneously throughout the provinces. Naturally, all manner of rumors arose—among them, that the alleged conspirators were planning to place Archduke Otto on the throne. This, however, became incredible when it was learned that many of the accused were persons who had helped defeat the late Emperor Karl's attempt to regain the throne in 1921. Among those arrested were members of various political parties, including the Communists, and the most plausible supposition was that, in so far as there was any common goal, the plotters intended to proclaim a dictatorship with a radical program.

The government itself was reticent—a fact from which some people deduced that a section of the government party was in too uncomfortably close relationship with the plotters to make a revelation of their real object convenient, but which others construed to mean that the plot was really an insignificant affair which the government had planned to use, as it used the train-wreck at Bia-Torbagy, to justify its continuance of martial law and strengthen its hands generally. Speaking in Parliament on Dec. 1, Minister of the Interior Fischer asserted that the plot had been conceived by only a few desperadoes and could never in any event have been

successful. Newspaper correspondents satisfied themselves, however, not only that there was a real conspiracy, but also that there was a carefully prepared plan under which 1800 men were to rush from Keeskemet to Budapest and, after being joined by the plotters in the capital, seize the public buildings and frighten the government into abdication.

ANTI-SEMITISM IN POLAND

Recurring anti-Semitic outbreaks in Poland during November, participated in chiefly by Nationalist students at Warsaw and other university centres, added another dismal chapter to the long record of bigotry and intolerance which stains the history of post-war Poland. It became necessary to close the universities and all other academic institutions in Warsaw, Vilna, Cracow and Lvov for periods of from two to three weeks. Though acts of violence practically ceased by the end of the month, plans for an economic boycott and a social and intellectual ban against all Jews indicated that further trouble might be in store. It is but fair to note that the Central Committee of the Orthodox Jews of Poland issued a statement that the anti-Semitic excesses were provoked solely by chauvinistic elements, and that the government as well as the Polish people generally condemned and suppressed the disorders.

AGITATION FOR REUNION OF CYPRUS WITH GREECE

Notwithstanding reiterated requests by Premier Venizelos that the people of Greece desist from demonstrations of sympathy with the rebellious population of Cyprus, various newspapers in Athens and other centres kept up vigorous agitation during the month. On the anniversary of the declaration of Greek independence representatives of scientific and educational bodies met at the Athens City Hall and adopted a resolution demanding a reunion of Cyprus with the Greek fatherland on Nov. 11, 1932, as a fit-

ting commemoration of the armistice ending a war in which Greece took part as an ally of the present ruling power in the island, Great Britain. Cypriote and Greek patriotic societies have become deeply aroused, and a committee of forty-eight, headed by Admiral Konduriotis, a former President of the republic, has been lending all possible encouragement. In a statement to the Chamber on Nov. 18, Premier Venizelos revealed the fact that Great Britain offered in 1915 to return the island to Greece, and also that in more recent years the British Minister has spoken of the possibility of such a retrocession. He added, however, that a sharp note of protest from London had been threatened if attacks in the Greek press were not stopped, and asserted that the Cypriotes would suffer rather than gain from further agitation by their misguided friends.

RUMANIAN COURT SCANDALS

The Rumanian court was thrown into an uproar in early November by the elopement of Prince Nicholas and Mme. Jana Lucia Deletz, divorced wife of a Rumanian diplomat, and their marriage in the village of Tohan after a 125-mile dash by automobile to escape the disapproval of the Prince's brother, King Carol. On Dec. 3, it was announced at Bucharest that the marriage would be annulled on the ground that it was not contracted in accordance with the dynastic statute of the Hohenzollerns and that it took place without the King's consent.

Political, financial and court circles were startled on Dec. 4 by the dismissal by royal decree of Michael Manoilescu, considered the most intimate political friend of King Carol, from the post of governor of the Rumanian National Bank, and the return of C. Angelescu, his immediate predecessor. M. Manoilescu, who remained Carol's friend while the King was in exile and who was instrumental in arranging for his return, later co-operated with Finance Minister Ar-

getoianu in overthrowing the government of former Premier Maniu, which had received Carol so warmly. Like M. Maniu, he can now reflect on the ingratitude of princes.

Charles A. Davila, Rumanian Minister to the United States since 1929, resigned late in November in order to resume political life. Since the end of September he had been in his own country on leave. M. Davila is a member of the National Peasant party.

BULGARIAN RIOTS

On Nov. 27, the anniversary of the Treaty of Neuilly, much disorder occurred in the capital of Bulgaria, in-

cluding attempts by street mobs to attack the buildings of the French and Yugoslav Legations. A demonstration in Parliament led to a vote excluding all Communist members from the next three sittings.

A visit by Premier Mussanoff to Ankara during the first week of December, while causing much conjecture, was generally construed as a move in recognition of Turkey's growing influence in Southeastern Europe and as evidence of a disposition on the part of the Sofia Government to overcome the country's present isolation to some degree by cultivating Turkish friendship.

The Finances of Northern Europe

By JOHN H. WUORINEN

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SWEDEN, Denmark, Finland and Estonia have during the past weeks made serious attempts to improve the standing of their respective finances. Since Sweden abandoned the gold standard in September she has been troubled by the continued demand for foreign exchange, caused in part by excessive imports. On Nov. 18 it was decided to maintain the pound sterling and the krona at their old ratio, but the decision caused concern because of the depleted foreign currency reserves in the country. On Nov. 19 the Governor of the Riksbank decided that invoices must accompany applications for foreign exchange. As a result, the bank was swamped by messengers with sheaves of invoices for examination. In the open market, dollars reached the price of five kronor, while the Riksbank quotation was only 4.84 (the normal parity of the dollar is 3.73). On Nov. 21 the unofficial rate jumped to 5.07 kronor to the dollar.

While these symptoms of Sweden's difficulties were disconcerting Stockholm, moves were being made to provide some sort of united Scandinavian financial front against further disturbances. It was reported on Nov. 7 that the central banks of Sweden, Norway and Denmark had been negotiating for the creation of a common exchange ratio for their currencies, and, ten days later, that the three countries appeared "about to adopt" a policy of following closely the English pound sterling. However, dollar quotations indicated that stability is still to be attained.

Denmark was likewise grappling with complex economic problems. After discussions between the government and the various political parties, Minister of Finance Bramsnaes presented at the extra session of the Rigsdag on Nov. 18 certain proposals designed to ease the situation. The government bill provided for far-reaching government control of the

purchase and sale of foreign exchange, bills of credit and the like; another measure proposed the abolition of gold redemption for three months from Dec. 1, the date set last September for the termination of the temporary non-redemption measure. An important feature of the first bill was that it authorized the Minister of Commerce to order exporters immediately to change foreign credits into Danish currency and to prepare measures for the prevention of the flight of Danish capital abroad. That the recent difficulties have tended to eliminate, in many matters, the earlier sharp party divisions was suggested by the Rigsdag vote on these measures. The first was passed 124 to 7, and the redemption measure by 124 to 1.

When the national Legislature of Finland began its Fall session on Nov. 9, the representatives proceeded at once to discuss ways and means for solving current financial difficulties. On Nov. 11 it was reported that the Cabinet was preparing the introduction of a bill in Parliament granting special authority to the government to issue emergency decrees concerning financial matters. The contemplated powers included the right to declare a moratorium on domestic State payments. On the same day, the Parliamentary budget committee asked the Cabinet to find ways to meet the present budget deficit caused largely by the fact that over 60 per cent of Finland's foreign indebtedness is payable in dollars, and by the consequent difficulty in fulfilling these obligations in Finnish marks, which have depreciated by about 25 per cent since September.

The Estonian Government proposed on Nov. 3 a measure which gave it monopolistic control over a substantial part of the nation's imports. Despite considerable opposition in Parliament, the bill was passed on Nov. 6 and went into effect five days later. The government monopoly thus estab-

lished covers over thirty commodities, such as grain, coal, oil, agricultural machinery, automobiles and textiles, and places approximately 40 per cent of the total imports of Estonia under strict State control. Acting through the Ministry of Finance, the government will grant permission to import, but only to reliable firms. A special government committee, consisting of four members of the Cabinet, will supervise the application of the law. That the monopoly bill was but part of a larger effort to prevent an excessive demand for foreign credits, with consequent drain upon the finances of the country, was indicated on Nov. 17 when the Legislature enacted a law providing for government regulation of the use and sale of currencies and of commercial paper. Henceforth the sale, purchase, export and import of all instruments of credit will be under State supervision; the Eesti Bank will be in charge of the system of control thus introduced. These measures led to the resignation of Finance Minister Pung, who was unable to accept the policies sponsored by his colleagues. The vacancy was filled by the appointment of Mr. Juerman.

PROPOSED TARIFF CHANGES

Northern Europe has viewed with apprehension the raising of tariff walls designed to shut out much of its export trade. The British anti-dumping measures were calculated to bring about a decided change for the worse in the Swedish iron, steel and paper markets, and the increase of 15 per cent in duties levied by France against all nations with a depreciated currency was expected to aggravate the situation.

Denmark, in particular, is hard hit by the coming of protection in Great Britain, which for years has been the chief importer of Danish farm products—indeed, the national economy of Denmark has been largely built upon British demands. While it appears

unlikely that excessive duties would be placed upon British imports of Danish foodstuffs, even moderate rates were likely to disturb Danish farmers, for in 1930 Great Britain bought nearly 75 per cent of Denmark's agricultural exports. The Danish Minister of Finance proposed on Nov. 27 certain alterations in the existing tariff rates, but these were directed principally against fine French liquors and American automobiles.

Finland's tariff increases went into effect on Nov. 14. The new duties, which are expected to add about \$3,000,000 to the income of the government, affect imports of such commodities as rice, wheat, sugar and benzine.

The much-debated question of pro-

hibition in Finland appears to be narrowing down to vital issues. On Dec. 9 Parliament passed a bill authorizing a referendum on whether or not the present law should be repealed. No definite date for the vote has been set at this writing, nor is it known exactly what will be substituted for the present law in the event that the nation asks for its repeal. The long-awaited Björkenheim report advocated 3.2 per cent beer and 12 per cent wines, the establishment of a system of local option whereby any community might forbid the manufacture and sale of alcoholic beverages but not the importation of such beverages by individuals for home consumption, and the organization of a single company to control the liquor traffic as agent of the government.

Setbacks to Soviet Industry

By EDGAR S. FURNISS

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WITH the closing of the critical third year of the Five-Year Program the rulers of the Soviet Union are faced by the necessity of confessing the partial failure of their plans in many basic lines of activity. Serious problems have arisen, both within the domestic economy of the country and in its foreign relations, which tend to weaken the entire structure of policy as laid out for the year just past.

Production figures now available for the first ten months of 1931 show disappointing results. In the basic iron and steel industries the output for the ten months has been less than half the prescribed annual total, and actually below the performance for the corresponding period in 1930 and 1929. Despite recent improvement, the coal industry at the end of 1931 was accomplishing only 85 per cent

of its daily program, and for the period as a whole fell 25 per cent short of its prescribed task. The transportation system had not only failed to keep pace with the growing demands upon it but had slumped to a level of performance below comparable periods in 1930. Here, too, the situation improved toward the end of the year, but the railroads still remain so inadequate to their task as to create in the country a chronic transportation crisis.

Other specific branches of industry could be cited in illustration of the partial breakdown of the program. The effect of a serious deficiency in any basic department spreads in widening circles throughout the structure as a whole. Thus the shortage of metal products has retarded the progress of new construction; this together with the breakdown in trans-

portation has reduced factory output; the general shortage of goods has slowed down the grain collections. A general summary of the situation in the industrial, as distinct from the agricultural, branch of the economic system would show that the total accomplishment is not much in advance of that of 1930 and not more than 75 per cent of the requirements of the program.

The situation in agriculture is a special problem. Here, in some respects, the achievements of the year have outstripped the specifications of the control figures. The phenomenal growth of the new types of organization and the rapid introduction of new methods of cultivation have carried the agrarian revolution almost two years ahead of the original predictions. This is undoubtedly an achievement of the highest order and a permanent achievement in that it provides a solid basis for future progress. But in the first flush of success it was taken more or less for granted that these changes in form and method would have immediate results in terms of agricultural output, and that the close of 1931 would find Russia supplied with vast quantities of grain for domestic consumption and for export. Such has not been the case.

For many reasons—adverse weather conditions in addition to others—the total grain crop fell below expectations, and then unforeseen difficulties arose when the government undertook to obtain its share of the crop from the “collectivized” peasants. The law governing the operation of the collectives allows the members to appropriate whatever is necessary to meet their own needs before making their sales to the government. It was suddenly discovered in the Fall of 1931 that the peasantry chose to distribute virtually the entire surplus among themselves on the excuse that it was “needed,” in preference to exchanging it for paper money which

has little effective purchasing power in the domestic market.

The State farms also have shown disappointing results, and in characteristic Bolshevik fashion the Soviet official in general charge of these enterprises, M. G. Herchikov, has been punished by summary dismissal from office. The best that could be said of the situation by a spokesman for the Kremlin in November was that the amount of grain mobilized by the State this year “will be little, if at all, inferior to last year’s.” This is certainly a striking change of expectations as compared with the extravagant predictions of last Spring.

For Americans the agrarian situation in Russia is of interest chiefly in its bearing on the world trade in grain and other basic commodities. There is little doubt that the collapse of grain prices in 1931, which reacted so disastrously upon our farm population, was due in large measure to the forecast of virtually inexhaustible supplies from the Soviet Union; nor that the partial recovery of prices in the Fall was caused by the disappearance of this menace. On Nov. 2 the Soviet Ambassador to France, M. Dovgalevsky, was reported to have said in a public interview that the Soviet Union would export no wheat at all either in 1931 or in 1932. This statement was promptly repudiated by the Soviet Government which submitted evidence to show that Russia was actually exporting wheat in regular quantities; but the significant feature of the incident is that the question should have been raised at all and that Russia should have been put to the pains of proving her capacity to export some grain.

We have only to recall how recently the fear of Soviet dumping agitated the governments of two continents and resulted in several international conferences to realize how completely the picture has changed. It is possible that the Soviet Union will equal its 1930 export record of 112,000,000 bushels of wheat, although the mar-

kets in December, 1931, were accepting as fact the rumor that Soviet agencies were canceling their previous future contracts for high quality wheat and were actually buying in large quantities for Russian use from Australia. In any case the spectre of a devastating flood of Soviet grain has vanished completely.

The pivot of the program of industrialization is upon the foreign trade of Russia and, therefore, the statistics of Soviet commerce are of cardinal importance as indicating the trend of affairs. So far as concerns our own country the chief feature of the situation has been the virtual extinction of Russian trade. During the first ten months of 1931 our exports to the Soviet Union declined by 52 per cent, as compared with the previous year, the figures being \$49,000,000 and \$102,000,000 respectively. The present state of affairs is reflected most strikingly in the figures for October, 1931, which totaled only \$208,000—less than one-tenth of the sales the same month in 1930. It is true certain factors peculiar to our own country make it unsafe to argue from these figures that Soviet trade with the world generally is in a similarly precarious condition. Actual embargoes upon certain Russian products and the constant threat of embargo on others place a heavy risk upon the Soviet Government in connection with each new obligation issuing from purchases in our country. What is more important, credit terms in our market are growing more rather than less stringent; the Department of Commerce early in November publicly warned American business men that collections upon Soviet contracts were uncertain and that they should be cautious in extending credit to that country.

The trade which formerly came to the United States is now going to Great Britain, Germany and Italy where favorable credit terms are available. During this same period British exports to Russia totaled

\$57,000,000, thus exceeding the sales by this country; whereas in 1930 Russian purchases here were three times as large as in Great Britain. Soviet purchases in Germany exceeded \$200,000,000 during the first ten months of 1931, an increase of 100 per cent as compared with 1930. There has been similar increase in the Soviet-Italian trade. By exhibiting these figures the Soviet officials can make out a case for their assertion that their foreign trade as a whole has not been undermined, but merely redirected into other channels.

But this is a partial view of the situation. When we analyze the total trade statistics for the first nine months of 1931 and compare them with the corresponding period in 1930, certain elements of weakness become apparent. Exports during this period totaled \$300,000,000 and imports \$405,000,000, leaving an adverse balance of \$105,000,000. As compared with the preceding year Russian exports increased in bulk by 1,000,000 tons but fell in value by \$70,000,000; there could be no more pointed illustration of the way in which the worldwide business depression, with its adverse effect upon the market for Russia's chief export products—basic commodities—has been brought to bear upon the welfare of that country. Because of this shrinkage of values, the adverse trade balance for the period under review rose from \$40,000,000 in 1930 to \$105,000,000 in 1931.

It is a delusion in normal cases of international commerce to lay too great emphasis upon the "favorable" or "unfavorable" nature of the trade balance; but the Soviet Union is not a normal case. She has staked the future of her policy upon her ability to import vast quantities of equipment; she cannot borrow anywhere; she has no foreign investments upon which to realize, and virtually none of the other customary sources of "invisible" exports; accordingly she must rely upon the adequacy of her exports of

goods to maintain the integrity of her policy.

It must be noted, also, that the flourishing Soviet trade with Europe, supported as it is upon a structure of relatively short-term credit, is not an unmixed blessing. The Soviet Government through these trade transactions has become heavily indebted to Germany and Great Britain in addition to her previous indebtedness of some \$75,000,000 to American business firms. The indebtedness to Germany alone now totals some \$275,000,000 and is increasing rapidly, as is shown by an unfavorable balance of \$70,000,000 in Soviet-German trade during the first nine months of 1931. A large portion of this debt falls due in 1932, and unless it can be extended, which is doubtful in view of the financial condition of Great Britain and Germany, it must be covered by a favorable trade balance. To cut down her imports is to confess the necessity of a retreat from her "line of policy"; materially to expand her exports under existing conditions in world markets is tantamount to lowering the standard of living of an already impoverished people; this appears to be the unhappy dilemma confronting the Soviet Union.

Even before the meeting of the Central Executive Committee of the Soviet Union to revise the control figures for the final year of the program, statements of the official Soviet press made it appear certain that both the figures for 1932 and for the second Five-Year Program beginning on Jan. 1, 1933, would represent a scaling down of the headlong pace of the past three years. The Communist leaders were obviously preparing the people to moderate their previous expectations with regard to the rate of progress in 1932. As for the succeeding Five-Year Program, its nature was indicated by Stalin's rather canny statement describing its object to be "the raising of living standards." If this is an accurate description it means a drastic cut in imports, a postponement

of capital construction and a general slowing down of the social revolution in Russia.

Since we have stressed these unfavorable features in the Soviet situation it is only fair to call attention to certain mitigating factors.

In the first place, the present unsatisfactory production figures are, in part, explicable as the effect of unexpected successes in the past. The triumph of the collectivization program in agriculture and the remarkable increase of capital construction during the first two years of the program created an acute shortage of industrial labor and an almost equally serious increase of labor turnover. These two branches of the basic program ran far ahead of the plan, with the inevitable consequence of dislocating the labor supply; and the problem was aggravated by the prevailing policy of uniform wages. This is a temporary and remediable condition. In fact, Stalin has already put an end to the uniformity of wage scales, while the government is now making measurable progress in the task of stabilizing the supply of labor.

In the second place, and of greater importance, is the frequently forgotten fact that the original estimates of the Five-Year Program were much below those which are now being used to measure the success of the policy. During the excitement of early successes the control figures in all departments of activity were marked up. When the statement is made that the performance of 1931 has fallen short of expectations it must be remembered that this performance nevertheless exceeds the specifications of the original plan. Even at the present rate of progress this original set of estimates will be fulfilled in four years instead of five.

Finally, implied in the preceding statement is the fact that the Five-Year Program has already demonstrated its flexibility, and this is an important element of safety. As the

Communist leaders were able to revise their plans in the direction of more progress, so can they now, if need be, revise them in the reverse direction without political disaster. The slogan, "A Five-Year Program to raise the standard of living," cannot fail to appeal to the overburdened people. That

the change of face implied in such a slogan represents a surrender of objectives hitherto held as a test of party loyalty, and the acceptance of a "right-wing" position, for which prominent party leaders have suffered severe punishment in the past, are facts which can be quietly ignored.

The Quest for Moslem Unity

By ALBERT HOWE LYBYER

Professor of History, University of Illinois; Current History Associate

ON Dec. 6 about 100 delegates from various portions of the Mohammedan world met at Jerusalem. The idea of such a congress appears to have come from Haj Amin el Hussein, Mufti of Jerusalem and president of the Moslem Supreme Council of Palestine. Mavlana Shawkat Ali of India approved the idea, and invitations were sent far and wide. Such problems as those of the Caliphate, the Wailing Wall, the establishment of a Moslem University in Jerusalem, and the control of the Hejaz railway were to be discussed.

Early in 1924, the Turkish Government declared the Caliphate abolished, so far as it was concerned, and expelled the incumbent, Abdul Mejid II. This kindly gentleman has since been living in exile, supported in large part by the wealthy Nizam of Hyderabad, whose son lately married the ex-Caliph's daughter. The prospect of the leader of the Mohammedan world taking up residence, under British protection, at the chief holy city of Jews and Christians is of course interesting, but so many objections have been raised by Turks, Wahabis, Egyptians and Zionists that its possibility is widely scouted. The proposal to create a Moslem University at Jerusalem arose apparently from the desire to counterbalance the Hebrew University at Jerusalem, and because certain

Moslems thought the Al-Azhar University at Cairo was out of date, and should be supplanted as the central educational institution of Islam. Complete Moslem control of the Hejaz railway from Damascus to Medina is improbable because it would require the agreement and cooperation of the French, British and Wahabi Governments. Dissatisfaction with the extent of Jewish rights recognized at the Wailing Wall alone seems common to those interested in the congress.

Active opposition among Moslems to the congress has been led by Raghebe Bey Nashahibi, Mayor of Jerusalem, for it was said that Haj Amin was seeking only to bolster up his weakened position in local politics. The British Government has remained aloof, and the Turkish Government publicly announced its non-participation. Hejaz, Afghanistan, Albania and Persia took no official part. Apparently the congress was to be a gathering of Mohammedan leaders only from countries associated with Great Britain, which include, it is true, nearly half the Mohammedans of the world.

AFFAIRS IN PALESTINE

Major Gen. Sir Arthur Grenfell Wauchope, newly appointed High Commissioner for Palestine, arrived in Jerusalem on Nov. 20.

Drivers of automobiles and trucks joined in a complete general strike which began in Jerusalem on Nov. 2. They demanded the abolition of license fees from July, 1931, and reduction of the tax on gasoline. The government agreed to postpone the payment of fees another month, and to study that question as well as tax reduction. High food prices and interference with travel caused various groups to put pressure on the drivers, however, and so the strike was ended. Arabs and Jews worked together in this crisis.

The field survey for the Haifa-Bagdad railway, projected in the Sykes-Picot agreement of 1916, and begun in October, 1930, has been completed. Five hundred and forty persons participated in a work covering 685 miles. Not only the topography but also economic conditions and traffic prospects were studied. For the use of the staff, water was often hauled as far as 100 miles in trailer tanks of 400 gallons capacity. The levels ranged from 830 feet below sea-level in the Jordan Valley to 2,900 above in Moab, these extremes being near together. Seven tunnels and ten viaducts are planned for this ascent. A bridge one-third of a mile long will cross the Euphrates near Hit. The plans will be ready in a few months, and construction is expected to require five years.

The water supply of Jerusalem is distinctly inadequate, amounting only to about three gallons a day per capita. A Greek named Mavromatis holds a concession for bringing water from the Yarkon River near Jaffa, at a cost of about \$2,000,000, but work has not been begun because he demands 36 cents per cubic meter, while the government offers only 24 cents. The Jordan River might be tapped, but its waters would have to be raised 3,000 feet or more.

CHANGE OF GOVERNMENT IN SYRIA

M. Ponsot, French High Commissioner for Syria, returned from France

in the middle of November and surprised the country by promptly dismissing the Damascus President, Skeikh Tajeddin el Husseini, who has been nominal chief in the Syrian State for four years. Parliamentary elections under the Constitution proclaimed in May, 1930, were ordered to be held in January. In preparation for them M. Ponsot himself is carrying on the government, advised by a committee of thirteen, which includes representatives of the principal parties, former heads of the government and the Chief Justice of the Supreme Court. Nationalist leaders have entered a protest because of their desire to have all parts of the French mandate under one government.

TURKEY SETS QUOTAS FOR IMPORTS

A decree of the Turkish Council of Ministers on Nov. 16 established quotas for 1,000 commodities, with the immediate aim of adjusting the balance of trade, and the remoter objects of maintaining the level of Turkish currency and reducing the cost of living. No warning was given in advance, and importers were greatly confused. The quotas will stand until the end of December and will be readjusted every two months. Automobiles may not be imported and many other products from America are held up. It is desired that each foreign country shall buy from Turkey as much as it sells to Turkey. Recently America has bought much more than it has sold. The policy of balancing exports and imports by drastic regulations appears to be an imitation of Russian policy and is similar to the action of Persia earlier in the year. Two days earlier a "crisis tax" of 10 per cent on salaries of all public and private employes had been announced.

Saratshoglu Shukru Bey, formerly Finance Minister of Turkey, came to the United States in November "to study industrial and financial relations in all their phases." Denying

that he came to negotiate a loan, he admitted that assistance from American bankers would be welcome. He looked forward to the employment in Turkey of American engineers to assist in building railways and docks, developing irrigation and manufacturing cotton. A treaty between the United States and Turkey providing for most-favored-nation treatment was signed on Oct. 28 at Ankara.

M. Litvinov, Soviet Foreign Com-

missar, and Tefvik Rushtu Bey, Turkish Foreign Minister, on Oct. 30 renewed for five years the Turco-Russian treaty of 1929.

Income taxes were increased substantially at the end of November. All persons earning more than \$15 a month are to pay 10 per cent or more. Those with annual incomes above \$3,600 must pay 25 per cent. No exemptions are permitted for wives, children or dependents.

Chinese Nationalism Flares Up Anew

By RALPH NOREM

Department of Political Science, University of Minnesota

THE situation in Manchuria continued during November to dominate and to color all news emanating from the Far East. (See the article, "The Clash of Arms in Manchuria," on pages 507-512 of this issue.) An outstanding result of the Manchurian crisis has been an awakened sense of national unity in the minds of the 470,000,000 who make up the population of China.

At Shanghai recently 10,000 women representing 300 organizations met to voice the intense resentment of the women of China against Japan. Resolutions were adopted urging domestic peace and national unity and calling upon the women of China to observe strictly the economic boycott of Japanese goods. On Nov. 3 representatives of all Students' Anti-Japanese and National Salvation Associations met at the National Central University in Nanking to organize a national federation. Thousands upon thousands of students have swarmed to Nanking in periodic waves to express their dissatisfaction at diplomatic negotiations with Japan and to urge the government to take drastic action. It was such a wave that forced the resigna-

tion of Dr. C. T. Wang as Foreign Minister on Sept. 30. During the critical months which followed, China was without a Foreign Minister. Dr. Sze, Chinese delegate to the League of Nations, was offered the post, but he declined. Nanking still holds out the hope that he may yet occupy the position and has made no other permanent appointment. Meanwhile, foreign relations have been directed temporarily by Frank Lee.

On Nov. 23 Nanking officially announced that Dr. Wellington Koo had been appointed officiating Foreign Minister. Koo, although he is young and brilliant and recognized as a diplomat of the highest order, is particularly distasteful to the Cantonese, who are unlikely to support any one for the position but one of their own number. They have advocated the selection of Eugene Chen, Canton Foreign Minister, or C. C. Wu, who, until recently, was the Chinese Minister to the United States. On Dec. 5 both Dr. Sze and Dr. Koo placed their resignations in the hands of the National Government. Dr. Sze stated that his position was embarrassing because of the demand of overseas Chinese that he cease to

attend the sessions of the League Council and that he institute negotiations for China's withdrawal from the League. Dr. Koo's resignation was the result of pressure from the students, who are opposed to any peaceful method of settlement of the dispute.

The government has assumed a lenient attitude toward leaders formerly in opposition and even in open rebellion against it. On Sept. 30 the Central Political Council rescinded, upon the recommendation of Chang Hsueh-liang, the order for the arrest of General Yen Hsi-shan which had been issued in the Spring of 1930 at the time of his rebellion against the National Government. Later General Yen appointed representatives and dispatched them to the Nanking-Canton "peace conference" which convened in Shanghai late in October. The government has also sought the aid of General Feng Yu-hsiang, who appears still to be sojourning in Fenchow, Shansi. Hu Han-min, the former chairman of the Legislative Yuan, who was imprisoned in his own home under military guard for a period of seven months by order of President Chiang Kai-shek, was released by the government in order that he might take part in the Nanking-Canton peace conference.

The real strength of the rising tide of nationalism is evident in the ever increasing effectiveness of the anti-Japanese boycott. On Sept. 18 the Japanese took Mukden. Two days later a boycott of the Japanese mills in Shanghai was instituted. Since Sept. 22 these mills have been able to report no sales and since Sept. 26 no Chinese merchants have approached the mill owners for a conference of any kind. The closing of the mills threw 60,000 Chinese workers out of employment. They and their families constitute an army of 300,000, which the Chinese people have undertaken to support during the Winter. In October, 1930, Japan exported 46,000,000 square yards of textiles to China, but

a year later the amount was only 400,000 square yards. Japanese shipping, likewise, has suffered. Reports indicate that 534 vessels with a total tonnage of 291,000 are idle, while most of the Japanese-owned vessels operating on the Yangtze have suspended service indefinitely. A Japanese bank in Foochow has been forced to close its doors. By the end of November it was practically impossible to purchase Japanese-made goods in Shanghai markets. Local merchants turned to America, Europe and Australia for new purchases. November was the best trading month experienced by Shanghai merchants in two years. With the exception of Japanese mills, all Shanghai industries are working profitably and at full capacity.

It is true that evidences of disintegrating tendencies are not lacking. There has been a reappearance of communism and the Nanking-Canton conference has not been wholly successful. Recently a manifesto appeared calling the "First National Soviet Congress" to assemble in South-eastern Kiangsi; reports indicated that representatives from many parts of China would attend. Although communism is still a problem to be confronted by the National Government, in all probability it is not as strong as it was six months ago.

THE NANKING-CANTON CONFERENCE

The Nanking-Canton conference opened with an informal meeting of the delegates on Oct. 27. The fact that they met at Shanghai, in the territory of the enemy, is evidence of the relative weakness of the Canton faction, which, nevertheless, entered the conference with a more clearly formulated program than Nanking. The chief obstacle to union, according to the Cantonese, is the person of Chiang Kai-shek, who is pictured as a dictator governing China for the enrichment of the Soong family, into which he mar-

ried a few years ago. The Cantonese demanded that the President of China be "a comrade who should be both venerable in age and of established character and reputation. No military man in active service should be eligible for the part." It is very evident that President Chiang, who is only 44 years of age, can hardly be classed as venerable and, as he is also not above taking active command of his forces in the field, he is still a "military man in active service." The Cantonese also demanded that "the post of Commander-in-Chief of the national land, naval and air forces should be abolished and a separate supreme military organ set up in its place." That is, they demand that Chiang not only be removed from his position as head of the republic but also that the very position he holds as commander of all the military forces of the country be abolished. They would strip him of all his power. Unification was to be accomplished by the simple expedient of the publication of two circular telegrams—one by President Chiang announcing his retirement, the other by the Canton "National" Government announcing its dissolution. President Chiang has thus far declined to resign and no resolution has been adopted by the Canton Government announcing its dissolution.

Early in November the conference was confronted with the problem of the forthcoming Fourth National Kuomintang Congress, which had been called by the Central Executive Committee of the Nanking faction of the party to meet in the national capital on Nov. 12. The meeting of the national congress is a matter of great importance in the government of China as it is the highest legislative organ of the Kuomintang. As the Kuomintang controls the government, whoever dominates the party congress is in control of the government. Thus far only three party congresses have been held. The first was held in January, 1924, in Canton under the presi-

dency and guidance of the founder of the party, Dr. Sun Yat-sen. The second was held also in Canton in January, 1926. The third was held in Nanking, after the defeat of the northern forces in March, 1929. The present congress was called to meet in Nanking under the shadow of the Manchurian crisis and with the Nanking and Canton factions still unreconciled.

Perhaps the most important duty to come before any national congress of the party is the election of two committees to act for it while it is not in session—the central executive committee and the central supervisory committee. These committees derive their names from the congress by which they are elected. Thus, the first central executive and supervisory committees were elected by the first congress, the second committees by the second congress, and so on. In the fourth congress the election of the two committees was recognized to be of special importance. The personnel was worked out by the Shanghai conference during the first week of November; for submission to each congress, two lists were prepared, identical except in that the Canton list contained 104 names, while the Nanking list contained 102 names.

FALL OF THE JAPANESE CABINET

The Wakatsuki Cabinet resigned on Dec. 11, apparently because of a realignment of parties, which left Premier Wakatsuki without sufficient support. But behind the change are the financial and industrial interests who have been antagonized by the strict financial views of Finance Minister Inouye. The fall of the Cabinet was followed by Japan's going off the gold standard on Dec. 13. The Wakatsuki Ministry has attempted to restrain the military elements in Manchuria, and it was believed that the fall of the Cabinet would strengthen the hand of the Japanese militarists.

The Clash of Arms in Manchuria

Continued from Page 512

On that day the Council released for publication the resolution which it considered would be unanimously adopted. The new resolution reaffirmed the one passed on Sept. 30. It asked the two parties to continue to keep it informed of developments and requested other members of the Council to furnish it with "any information from their representatives on the spot." With a view "to contribute toward a final and fundamental solution," the Council decided to appoint a commission of five members "to study on the spot and to report to the Council on any circumstance which, affecting international relations, threatens to disturb peace between China and Japan. The governments of China and Japan each will have the right to nominate one assessor to assist the commission." If the two parties should start direct negotiations, they would be outside the commission's competence, as also would the military arrangements of either party. In conclusion, the resolution invited its president to follow up the question and, if necessary, to resubmit it before the next ordinary meeting of the Council, on Jan. 25, 1932.

M. Briand's declaration with respect to the resolution was stronger than had been expected. He stated that the commission would have "full discretion to determine the questions upon which it is to report to the Council. * * * " Moreover, if Japanese troops had not evacuated when it arrives, it "should, as speedily as possible, report to the Council on the situation." Reports from Tokyo on the day that the resolution was made public stated that the Japanese Government had accepted it. On Dec. 10 the resolution was unanimously adopted, following which the Council adjourned, though remaining "charged with the matter."

No fair estimate of the measures taken by the League Council to settle the crisis can be made at this time. It can scarcely be said that it has succeeded in securely tying the hands of the Japanese militarists. The possibility of a renewal of armed hostilities is not remote, as long as Chinchow remains in the hands of Marshal Chang Hsueh-liang. However, if the commission of inquiry which the Council is to appoint can bring pressure to bear on the disputants to settle some of the fundamental issues involved on a basis of economic equity; or if it can assist in the setting up of a board of arbitration to settle recurring minor issues as they arise in the future, a long step toward preventing the otherwise inevitable recurrence of another crisis will have been taken.

Regardless of what the League is able to achieve, China has in the economic boycott an amazingly effective weapon, as past events have proved. Reports indicate that the present boycott may be fully as effective, economically speaking, as any previous one. By its use the National Government of China may eventually be able to eliminate the political and militaristic aspects of Japan's position in Manchuria, reducing that position primarily to an economic basis. Only in that eventuality would it be possible to maintain harmonious relations between the two peoples, resulting in the cooperative development of the economic resources of Manchuria. In Japan there is a growing liberalism which gains support from business interests which have suffered severe losses as a result of Chinese boycotts. There is hope that these liberal forces may in the future effectively reduce the militarists to the control of the civil branch of the government and make permanent the adoption of a conciliatory China policy. If this does not occur, the possibility of a major war in the Far East has been dangerously enhanced by the crisis.

TO AND FROM OUR READERS

[Anonymous communications will be disregarded, but the names of correspondents will be withheld from publication upon request. The Editor assumes no responsibility for unsolicited manuscripts unless accompanied by return postage.]

SPECIAL ISSUE ON CHINA

To the Editor of Current History:

Just before I left for China in 1927, your June, 1927, issue—the special number on China from so many angles—was published. I obtained a copy and read it with great interest. Now, after over four years residence in the Orient, during which time I studied the language, traveled through the interior and generally interested myself in Chinese conditions, I am back in America. Today I have been carefully re-reading that June, 1927, issue, and now I can fully appreciate the accuracy and general excellence of the various articles that appeared in it.

C. J. KANAGA,
1st Lieut., 9th F. A.

Fort Lewis, Wash.

* * *

THE SOUTH IN TRANSITION

To the Editor of Current History:

Mr. Winston's article, "The South in Transition," seems to me to be a good example of its own case against the Southerners and represents an attitude which should be challenged lest, as Mr. Winston himself says, "sycophancy might again stir the embers of hate." Such statements as "Northern prejudice does not hurt the pocketbook, while Southern prejudice does," and "Virginia needs more people of broad and cosmopolitan outlook on life. Such settlers might come from the North," are not constructive and kind, but are rather thrusts at Southern statesmen and Southern ideals. Criticism of this nature is not likely to help matters.

HERMAN W. WOOTEN.

New Orleans, La.

* * *

PRESIDENT HARDING: A REAPPRAISAL

To the Editor of Current History:

The writer of the article, "President Harding: A Reappraisal," in October CURRENT HISTORY, gives a succinct and lucid summary of a number of the major events of Harding's Administration, but apparently made little if any attempt at critical evaluation of the facts—and even less endeavor to go below the surface and seek for explanations. All facts in the same category seem to be accorded equal weight. For example, we are told that Harding appointed a Cabinet of ten

men, and since only two of them have been proved to be unconscionable scoundrels and another one resigned for the good of the service, it is assumed that the President scored a really creditable average—seventy per cent. It would be charitable to wish that Harding's memory might be glorified for the grand achievements of those Cabinet members whose services were of conspicuous value to the country. But is it certain that he had any more to do with the activities of those who were most remote from him in temperament than with those who were his intimate daily associates and life-long cronies? Similar inquiries might be made with respect to any other achievements of the Harding Administration. Perhaps some time we may read in CURRENT HISTORY, before Harding's place in history is irrevocably "fixed," a reappraisal which will be the result of close research not only of official records, but also of some of the other sources which modern historians find essential to an understanding of official acts and attitudes.

H. H. SWAIN.

Helena, Mont.

* * *

THE DECLINE OF ORGANIZED LABOR IN AMERICA

To the Editor of Current History:

V. F. Calverton, in his article, "The Decline of Organized Labor in America," in November CURRENT HISTORY, states that "the American Federation of Labor, in contrast with European labor organizations, has been individualistic in character. It has stressed the importance of the individual rather than the importance of the class to which the individual belongs. It has been more interested in elevating groups of individuals within that class than in the class as a whole." In other words, the American labor movement has been and still is American in character. It does not aspire to be a revolutionary party or but a segment of the tail of a revolutionary party, as is the case in Great Britain. It insists upon remaining a labor organization.

Mr. Calverton cannot understand why the American laborer will strive with his fellows for such inconsequential things as increase of salary, shorter working hours, better working conditions, when the same efforts and dues may go toward underwriting a particular economic and

social revolution envisaged by hopeful radicals. Mr. Calverton is quite wrong when he says that American labor will soon form along "mass or class lines, similar to those found today in Germany and Great Britain." If our labor unions at any time in the future exhibit such a tendency, then will be seen a real decline in membership, or possibly the end of any organization which dares to adopt such an anti-American policy.

Organized labor—the American Federation of Labor—may have experienced a dropping off in membership through a falling away of allied labor organizations, but it cannot be denied that it is stronger in influence than it has ever been. It has a mass of accomplishment to its credit and hopes to accomplish more in the future, even though those like Mr. Calverton (who is not a member of the great body of labor) see it only as a declining and dying body.

S. SALOMAN.

Washington, D. C.

* * *

BUSINESS DEPRESSIONS SINCE THE CIVIL WAR

To the Editor of Current History:

The article in October CURRENT HISTORY, "Business Depressions Since the Civil War," by Wilford J. Elteman, is a discursive, factual narration concerning business depressions in the last seventy years. It refers to some popularly ascribed causes of these periods of crisis and states without comment that the five depressions have been fundamentally alike. With no intention of offering mere carping criticism, I am impelled to state that neither the similarities nor the differences in the depressions are clearly arrayed for the reader's perception, nor are the prime causes of subnormal business identified as operating in an inevitable sequence within any period, nor from period to period of the business cycle.

F. E. WOLFE.

Cincinnati, Ohio.

* * *

OUR TARIFF AND THE DEPRESSION

To the Editor of Current History:

As one reads Senator Smoot's comprehensive and scholarly article on "Our Tariff and the Depression," in November CURRENT HISTORY, certain questions arise, even to a Republican. Is it true, as the Senator asserts, that "foreign trade is relatively a less significant factor in our economic life than it was before the days of quantity production"? Does not this

depression emphasize more than ever our increasing dependence upon foreign markets? Has not the Smoot-Hawley tariff sown the seeds of tariff retaliation in other countries and also hindered settlements, which of necessity must be in goods, of our international trade, not to mention our billions of foreign investments, public and private? Are we not living in a new era when the world should be considered an economic unit, and one, therefore, in which tariff proponents, truly, have fewer arguments?

ELLIS HUNTINGTON DANA.

Northeast Harbor, Me.

* * *

To the Editor of Current History:

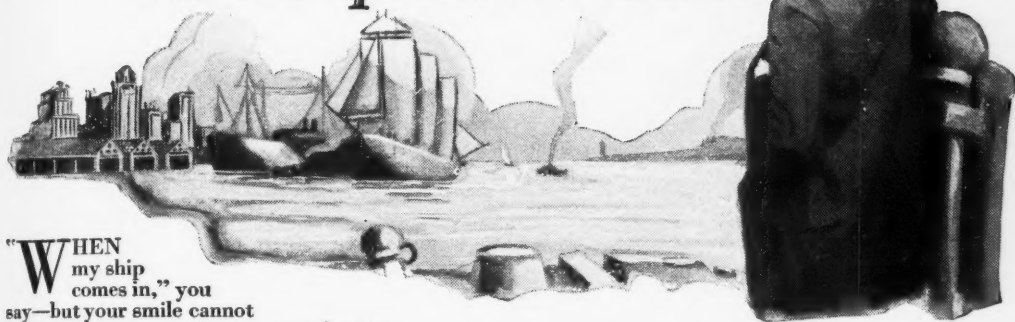
I should like to question some of the conclusions reached by Senator Smoot in his article, "Our Tariff and the Depression," in November CURRENT HISTORY. In the first place, one gathers the impression that no matter what the tariff is, trade is unaffected by it. But has not the Senator proved too much in his attempt to clear the tariff he helped to write? If it has no effect on trade, why have it at all? Either the much-touted protective tariff does not protect, or Senator Smoot and his fellow protectionists have been singularly derelict in their duty in failing to make the rates high enough to keep out goods which American workers could make. In the second place, after making the statement that more goods can easily be turned out than the consuming public can buy, the Senator says: "The theory that goods should be purchased where they can be most cheaply produced has undergone an ignominious collapse." A few paragraphs later he feels that "no other nation is so well adapted to a protective policy as the United States." This raises the question as to why the United States is so well fitted to the protective system if it is not because more different kinds of goods can be produced more cheaply here than elsewhere. Thirdly, if imports and exports do continue approximately the same after the enactment of tariffs, does that necessarily prove that tariffs have no harmful effects? It can easily be that the habits of the American buyers are such that they will continue to take foreign goods in about the same quantities after as before a tariff, but they will have less to buy other things with. That may be the explanation of the Senator's statement that "the volume of our foreign purchases has fallen off less than either exports or domestic production."

JOHN E. STONER.

Fort Wayne, Ind.



To the man whose ship never quite comes in



"WHEN my ship comes in," you say—but your smile cannot hide the worry gnawing at your heart—

A fine sea-going vessel you thought that ship of yours when you launched it on the business ocean—

Yet the days and months and years slip by—and though others see their ships ride triumphantly to harbor, still you scan the horizon anxiously for a ship that never quite makes port.

No one's fault, perhaps—but what a misfortune that so many business ships should founder on a hidden reef or a treacherous shoal, when the channels to Success are plainly charted and a chart for every channel is available to every thinking man!

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BOOKS OF THE MONTH

Newton D. Baker: America at War

By PRESTON W. SLOSSON

NEWTON D. BAKER: AMERICA AT WAR. By Frederick Palmer. 2 vols. New York: Dodd, Mead & Co., 1931. Pp. xiv, 421; x, 451. \$7.50.

TWO of the bravest men in any war are a politician who is willing to risk his reputation by being Secretary of War and a biographer who is willing to risk his popular audience by turning from the thrilling narratives of war in action to chronicle the dull routine of war in preparation. These volumes crown valor with success, for no one can read them without admiration for both subject and historian. This success was won in spite of the stern limitations which the author set himself. He has not written a biography of Mr. Baker, but merely an account of his administration of the War Department. Mr. Palmer, who spent four years on the battlefield, must have been tempted to write a military history, or at least to relieve an administrative history by occasional pictures of soldier life. He has resisted this temptation also. He must have found some compensation for his self-denial in the richness of the material under his hand, including twenty-one loose-leaf volumes of Mr. Baker's official correspondence, two sets of the confidential cablegrams between the War Department and the army headquarters in France, the minutes of the War Industries Board, and much other source material.

Every one knows the unfavorable picture of Secretary Baker painted by a hostile press during and immediately after the war, chiefly with a view to striking over his head at the President who appointed him. One edition of the *Encyclopaedia Britannica* said that his career as Secretary of War had been "condemned throughout the United States as lacking in energy, foresight and ability." There were personal as well as partisan reasons for this misconception. He was reputed to be a pacifist, and his entire career had been that of a civic reformer more interested in municipal honesty than in military preparedness. He was short of stature, mild in aspect, gentle in demeanor. A common sneer was: "We want a butcher, not a 'baker' to run this war!" He had President Wilson's most unlucky habit of making extempore speeches so phrased as to be misunderstood or maliciously twisted. To match Wilson's "too proud to fight" was Baker's "Thank God we were not prepared!" which

in its context meant only that the United States had not been plotting to make war, as Germany was supposed to have done. People interpreted Baker's statement as a shameless confession of inefficiency. In the same category belongs his unfortunate comparison of the American and Mexican revolutions which gave uncandid opponents a chance to say that he likened Washington's heroes to Villa's bandits.

The duties of Baker's office were certain to add to the number of his critics. "He was between the extremists who wanted conscientious objectors excused, and the extremists who wanted them shot; between the press calling for more publicity and the army calling for absolute secrecy; between the industrialists demanding more skilled labor to fill building and munition contracts, and the staff who did not want to part with men half trained as soldiers." He had troubles with politicians seeking special favors as the price of their support, and he was greatly embarrassed by having to refuse the requests of ex-President Roosevelt and General Wood to go to France. Both steps were taken on military advice, and General Pershing declared that if Wood had been sent to France he would have sent him back. But the country at large blamed Wilson and Baker for petty malice, since Roosevelt and Wood had been their political enemies.

There were also diplomatic complications. French authorities wanted houses of prostitution regulated for the use of the American Army, and at the other extreme some Puritans at home were indignant that the soldiers were permitted to drink wine in French restaurants. The decision to build a separate American Army instead of merely feeding American units to the allied armies met with many critics on both sides of the water. Even Herbert Hoover at one time favored the latter plan as a time-saver, and Clemenceau tried to induce Foch to demand the resignation of Pershing for alleged failure to cooperate with the French forces.

Secretary Baker's reputation had been fairly well cleared from wartime charges, even before the appearance of Mr. Palmer's account. But to prove a man a great war minister one must do more than show that he had been unjustly slandered. Mr. Palmer shows that in the entire history of warfare no commander in the field ever received more loyal and unhesitating support than General Pershing.

REVIEWS IN THIS ISSUE

NEWTON D. BAKER: AMERICA AT WAR By Preston W. Slosson

MODERN ECONOMIC SOCIETY By Bernhard Ostrolenk

AMERICA'S SIBERIAN ADVENTURE By Frederick L. Schuman

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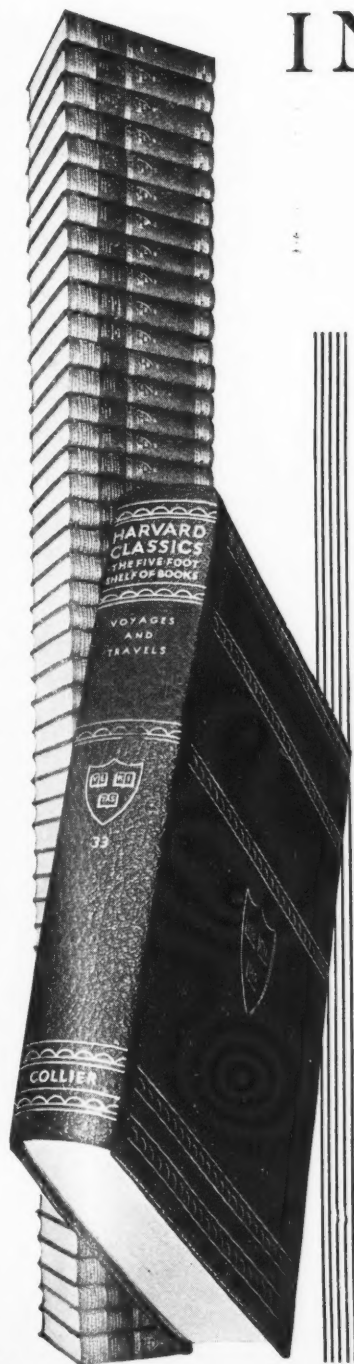
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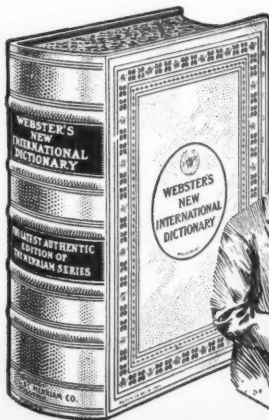
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Continued from Page IV

"When I became Secretary of War," wrote Mr. Baker, "the idea * * * was that in military systems the military man is commander-in-chief and that civilian interference with commanders in the field is dangerous." And again: "I said in substance to General Pershing * * * that I knew the impossibility of any military direction from Washington to the commander in the field, and that I would therefore give him only two orders, one to go to France and the other to come home, but that in the meantime his authority in France would be supreme."

Secretary Baker's other great merit, besides this firm grasp of the main principle of war, the undivided authority of the man on the spot, was the tact and insight he showed in handling "human nature" when it impeded the workings of the war machine. He was the very reverse of the inflexible bureaucrat. The author well contrasts the tactful handling of the draft in the World War, which proceeded almost without friction, with the blunders of the Civil War draft, which resulted in formidable riots. The organization of the Rainbow Division, so that no one section of the country might boast of being first to place an army in France, was a happy thought. The careful and humane handling of the conscientious objectors, though sneered at as another example of Baker's pacifism, saved several good soldiers for the army, among them the famous Alvin Yorke of Tennessee. Curious problems arose. For example, the War Department had to deal with fundamentalist chaplains who protested against "entertainment and theatre-going" for soldiers, and Jewish organizations who demanded another badge than the cross for their insignia. Such assistants as Raymond B. Fosdick and F. P. Keppel deserve to share with Baker much of this credit for a human approach to the problems of war organization in a nation of liberty-loving civilians.

One cannot deny that Mr. Palmer's well-justified enthusiasm sometimes runs away with him. There were inevitably many blunders in the conduct of the war behind the lines, as well as at the front, and the book is open to the charge of a little too much optimistic rose color—not a trace of "white-washing," but perhaps a touch of rouge.

Modern Economic Society

By BERNHARD OSTROLENK

Author, "The Future of the American Farmer"

MODERN ECONOMIC SOCIETY. By Sumner H. Slichter. New York: Henry Holt & Co., 1931. Pp. 909. \$5.

THE theory and practice of modern democracy is being sharply challenged by critics who note its shortcomings as a satisfactory engine for government. Rousseau's theory that man is naturally good and that the average man is the most trustworthy agent to select competent rulers is finding fewer supporters now than a quarter-century ago. The new cult is sharply critical of the consequences of giving every adult an equal

voice in government. We need not here rehearse the allegations that democracy breeds demagogues, selfish minority control, corruption and incompetence. Modern advocates of competent government prefer the rule of the "wise," selected by a natural process that will bring out the leaders and eliminate the incompetents.

In contrast to the inefficiencies of democratic government, it is frequently pointed out that industry—that is, our economic system—is largely in control of men not elected by popular vote but recruited by a process of selection that brings into control those most fitted to administer complex and important industrial enterprises. In brief, economic society selects the ablest leaders, while political democracy elects popular leaders. Under this process of rigid selection does the present economic system give society the service that may be expected from it? Granted that democracy elects inferior men and thereby fails to give society competent government, does the selection of superior men for the economic system serve society any better? Professor Slichter in his *Modern Economic Society* is doubtful about the answer, to put it mildly. In fact, he finds that the economic system does not serve society at all, but serves almost exclusively that small portion of society who may be defined as the "owners of capital." This small group withdraws from society the competent men to serve its own ends and leaves society leaderless and unable to develop sound national economic policies. This appropriation of the economic talent by the owners of capital draws Professor Slichter's severest indictment.

"By far the greatest waste in modern industry," he says, "is the failure of thousands of able men who direct the large business enterprises of the country to contribute to the creation of sound economic policies. One of the great problems of the day, for example, is the creation of a wise policy of utility regulation. And yet, how much have the able executives at the head of the country's utilities contributed to solving the problem of regulating utilities? It is not too much to say that in most cases they have hindered rather than helped in solving this problem. In other words, so far as this particular problem is concerned, the public has almost completely lost the use of the abilities of the leaders in the public utility industry. Another great problem is the creation of a wise national railroad policy, and yet out of several score railroad presidents few have given important help in solving this problem. Consider, for example, the failure of the railroad leaders to work out a solution of the problems of railroad consolidation or of terminal unification. From thousands of able manufacturers in the country how much help does the nation obtain in formulating a wise tariff policy? Instead of helping, most manufacturers fight hard to create a tariff which gratifies special interests at the expense of the community."

The failure of business men to make a larger contribution to the creation of wise eco-



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BOOKS OF THE MONTH—CURRENT HISTORY IN CARTOONS—TO AND FROM OUR READERS
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conomic policies is the consequence of their subservient position to the owners of capital. "They are not neutrals hired to serve all interests alike. They are employed by stockholders to promote the interests of stockholders." In brief, just as the politician finds himself under pressure from those who control his election, so industrial leaders are not free men, but are under pressure of those responsible for their selection. In either case the service of these supposedly public agents goes to special interests and not to the public.

This is the gist of Professor Slichter's criticism. The community cannot expect disinterested public service in the economic field so long as the industrial leaders are the servants of a specially favored group. "The government of industry must cease to be the exclusive affair of the owners of capital; it must be shared equally with two other basic economic interests—the wage earners and the consumers. Management must become the task of neutral, professional administrators whose duty is to execute impartially and loyally the policies which the governing body (that is, the body representing more than capital) formulate."

Because of this bias on the part of the leaders in industry, Professor Slichter is able to point to much that it wasteful, inefficient and destructive in modern economic society. In fact, the cost of economic incompetence is not borne merely by society, but capital itself suffers. Modern economic business structure is

almost self-destructive because of the inability of the conflicting interests to compose their differences and create some kind of purposeful program. Capital itself needs a new alignment for business government to save itself from its own rapaciousness.

It is a stimulating thesis that Professor Slichter here presents, one that he supports with a wealth of detail and informative discussion. The problems and solutions that are presented transcend mere academic discussion and are becoming more and more realistic factors in our economic society.

America's Siberian Adventure

By FREDERICK L. SCHUMAN

Author, "American Policy Toward Russia Since 1917"

AMERICA'S SIBERIAN ADVENTURE. By Major Gen. William S. Graves. New York: Jonathan Cape & Harrison Smith, 1931. Pp. 363. \$3.50.

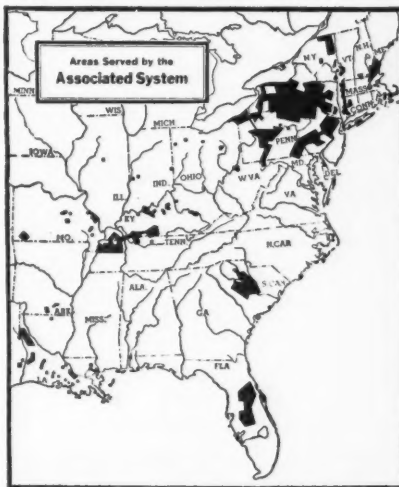
FEW episodes in recent diplomatic history remain as confused and incredible as the Allied and American military intervention in North Russia and Siberia during 1918, 1919 and 1920. At a time when the world was being made "safe for democracy," when the embattled armies were locked in the last combats of the great war on the western front, when an exhausted Russia had passed through social revolution and had achieved peace of a kind under the Soviet Government, the Allied

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Governments prevailed upon President Wilson to embark upon a venture which, judged by its results, can be described only as political stupidity or as criminal madness. Shortly after the stranded Czechoslovak legion, with the encouragement of Allied and American agents, wrested Siberia from Bolshevik control, the Allied and American Governments proceeded to blockade Soviet Russia and to send troops to Archangel and Vladivostok. For many months after the armistice these troops remained on Russian soil, while subsidized civil war, terrorism and banditry wrought ruin to the land under the shadow of foreign bayonets. Ultimately the North Russian expedition was driven into the White Sea by the climate and the Red Army. The American forces withdrew in June, 1919, leaving over 400 dead behind them. The American Siberian expedition, thanks to the wisdom of its commander, avoided open hostilities with any Russian faction and was withdrawn in April, 1920, after the defeat and execution of Kolchak had destroyed all hope of saving Siberia from Communist control.

The present memoirs of General William S. Graves, who commanded the 10,000 American troops in Siberia, constitute the most illuminating and refreshing first-hand account of the intervention in the Russian Far East which has yet appeared. The book is neither an apology nor an indictment, but a simple, well-told narrative by a military man who possessed enough insight into realities to be thoroughly disgusted with the situation in which he found himself and who insisted upon obeying orders, despite innumerable pressures and temptations to do otherwise. The story substantiates the general conclusions to which other sources of information have led—that invitation to armed intervention in Russia reached Washington from London, Paris and Tokyo early in 1918; that President Wilson finally yielded when it was clear that the Allies would embark upon intervention even if the United States refused; that he sought to limit the objectives of the intervention by insisting, paradoxically, on non-interference in Russian internal affairs and by coining vague phrases and commitments based upon false reports and a confusion of counsels in his Cabinet; that in the resulting chaos the United States was drawn into a policy of open hostilities against the Soviets in North Russia and of diplomatic and financial aid to Kolchak and his reactionary White terrorists in Siberia; and that the final disaster was the inevitable consequence of the hypocrisy, muddle-headedness and clashing ambitions of the intervening governments.

The motives and purposes of this policy were shrouded in mystery. General Graves rejects unhesitatingly the sophistries of the official explanations and declares: "I must admit I do not know what the United States was trying to accomplish by military intervention." As to its fruits his conclusions are incontrovertible: "There seems to be no difference of opinion that intervention was a fundamental error, and the only possible benefit that can accrue to any of the Allied nations or to the United States must come from the realization that there was an inexcusable departure from the generally

accepted practice of nations in their dealings with other nations, and the results have not fallen far short of being disastrous." Newton D. Baker, who was Secretary of War at the time, concurs in this judgment in his foreword to the book. The most that can be said for the intervention, so far as the United States was concerned, he points out, is that it perhaps helped to prevent territorial acquisitions at Russia's expense by the other Allied powers.

The most significant contribution of General Graves's absorbing narrative lies in its clear revelation of the responsibility of the State Department and its agents in Russia for a policy of open hostility against the Soviet régime. In the face of chronic friction with the Japanese and the innumerable accusations of "Bolshevist sympathies" heaped upon him by Allied representatives and Russian reactionaries, he was determined to obey his orders not to interfere in Russian politics. He was obliged to keep the railway line open for the shipment of war supplies to the White armies, but he refused to send troops westward or to fight the peasant partisans of Eastern Siberia who were resisting the Kolchak tyranny. The State Department was equally determined to overthrow Soviet rule by supporting Kolchak in every way possible. Misunderstanding was inevitable and, with the President at first absorbed in other duties and later incapacitated, no one in Washington had sufficient courage, insight or authority to reconcile the conflicting programs of the two executive departments. Consequently the War Department made no changes in its orders to Graves and the State Department prosecuted its private war against the Soviets without the cooperation of Graves and his soldiers.

The Kolchak archives, recently made public by the Soviet Government, reveal the way in which the State Department worked hand in hand with Bakhmetieff and Ughet, agents in the United States of the Kerensky Government and committed to the Kolchak cause. Rifles, munitions and supplies of all kinds were sent to Kolchak's forces from the United States, but the attitude of General Graves was an obstacle which infuriated the White dictator. In April, 1919, he wrote: "The American troops, made up of the refuse of the American Army—Jewish emigrants—with a similar command, is only a factor of disruption and disorder. I consider their departure from Russian territory necessary, since their further presence will lead only to a final discrediting of America and extremely grave consequences."

In retrospect the position assumed by General Graves in resisting pressure from the State Department and from Allied and White Russian circles appears eminently wise. President Wilson, as quoted by Baker, approved his conduct: "I suppose, it is the old story, Baker; men often get the reputation of being stubborn because they are everlastingly right." Had General Graves been less firm, less humane, less determined to remain neutral wherever that was possible, and, when neutrality was not possible, to challenge the revolting brutalities of the Japanese puppets, Semenov and Ivanov-Rinov, the farcical débâcle of the intervention

might have developed into an international tragedy of disastrous proportions. His conduct in a situation of extraordinary difficulty merits the appreciation of Americans and Russians alike.

Sheridan

By H. J. ECKENRODE

Author, "Jefferson Davis"

SHERIDAN. By Joseph Hergesheimer. Boston and New York: Houghton Mifflin Company, 1931. Pp. 382. \$4.

JOHN CODMAN ROPES may be said to be the only American who has attained eminence in the field of military history: his works are classics. Yet the fascination of military narration has tempted many men, equipped and unequipped, to try a subject than which there is none more difficult in the realms of literature. In the first place, only one who has studied military operations in detail understands the difficulty of reconstructing a battle from the inevitably varying and confused accounts. Then, after the details have been mastered, there remains the greater difficulty of presenting them in an intelligible manner.

In his *Sheridan* Mr. Hergesheimer makes a serious effort in the field of military biography. Successful as a novelist and a master of style, the author seeks to be an Alexander of literature and conquer the whole subject. His book is graphic, interesting and, to a certain extent, successful. But he lacks technical knowledge and his grasp of the Civil War is not that of a specialist. The consequence is that he has written a good book, a contribution to our literature on the great cavalryman, and yet not a final book.

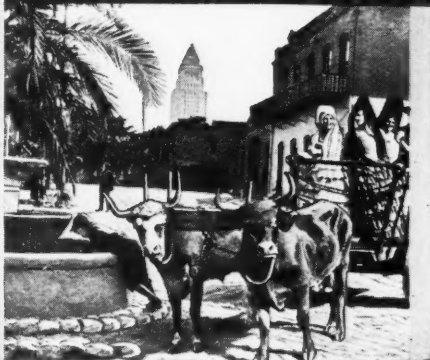
Mr. Hergesheimer divides his book into three parts: the Mountain, the Valley, the Plain. The Mountain describes Sheridan's experiences in the early part of the Civil War, especially at Chickamauga and Chattanooga. The Valley tells the story of Sheridan's notable campaign of 1864 in the Shenandoah Valley. The Plain is the last act in the drama, the Appomattox campaign, in which Sheridan played the dominating rôle.

In his battle pictures the author is rather overwhelmed by detail. He mentions too many things and so does not give his readers a clear picture of the processes of an engagement. If he had had more experience, he would have accompanied his descriptions with sketch maps, which are indispensable in military narration. In his efforts at picturesque generalization he is led into mistakes of fact, while in his desire to present Sheridan as invariably victorious he omits important events. In June, 1864, Sheridan raided westward against Lee's supply lines. He was met by Wade Hampton, successor to Stuart in command of Lee's cavalry, and, at Trevilian Station, on June 12, 1864, he was defeated, retreating to the safety of Grant's army. This defeat at the hands of a much smaller Confederate force may have seemed to the author to be a blot in his scheme of presentation.

Mr. Hergesheimer's scheme, in fact, is not

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the best possible. Sheridan was a development, a remarkable development. A tyro in 1862 who owed promotion to Grant's favor, he did nothing whatever at Chickamauga in 1863. Brought East by Grant and put at the head of the cavalry, he raided to Richmond in May, 1864. Stuart was killed in resisting this raid, and Sheridan's timidity alone prevented the fall of Richmond, which was scarcely garrisoned at all. Again, at Trevilian, he was beaten by Hampton. Transferred to the Valley, he was, with 50,000 men, very nearly defeated by Early with 17,000 at Winchester on Sept. 19, 1864, and a month later escaped defeat at Cedar Creek by a hair's breadth.

But Sheridan was improving all the time. He was coordinating infantry, cavalry and artillery more skillfully than had been done before by any other General on either side and he was becoming more and more aggressive. The result was evident in the pursuit of Lee from Petersburg, which Sheridan conducted with faultless skill and marvelous energy. But for him Lee would have escaped southward to prolong the war. In a word, by 1865 Sheridan had become a great General.

The Papers of General Miranda

By WILLIAM S. ROBERTSON

Author, "*The Life of Miranda*"

ARCHIVO DEL GENERAL MIRANDA. Viages, diarios, documentos, cartas a Miranda, 1750-1808. Edited by Vicente Davila. 6 vols. Caracas, 1929-1930.

THESE six volumes form the first instalment of what promises to be a collection as useful to students of the heroic age of South American history as that containing the private correspondence of Bolivar recently published by the Government of Venezuela.

After General Francisco Miranda, the Don Quixote of Spanish-American liberty, had surrendered to the Spanish commander General Monteverde in July, 1812, and after he had been betrayed to the Spaniards by disgruntled compatriots, the collection of documents that he had garnered during his romantic career were taken to London, where they were carefully deposited with English State papers in the office of Lord Bathurst, who was Secretary for War and for the Colonies. When Lord Bathurst went out of office he transferred the Miranda papers to his family mansion near Cirencester in Gloucestershire, and in the library there these sixty-three volumes—which Miranda had bequeathed to his native land in case it became independent—lay neglected for almost a hundred years. Accorded permission by the present Lord Bathurst to examine them, the present reviewer in 1922 identified them as the long-lost Miranda manuscripts and later utilized them in preparing his *Life of Miranda*. Meantime, the Venezuelan Government, learning of the discovery of these papers, eventually purchased the precious collection for £3,000. In November, 1926, it was placed in the safe-keeping of the National Academy of History at Caracas. On July 24, 1927, President Gómez

of Venezuela issued a decree providing that the archives of General Miranda should be published at government expense. Three members of the National Academy of History were selected to serve as an editorial commission. On this commission Dr. Vicente Davila, director of the national archives of Venezuela, was made chairman.

The six volumes that have been published contain varied materials that have been selected from the Miranda manuscripts concerning the period from 1750 to 1808. They print the diaries kept by Miranda during his checkered career in the Spanish military service in Spain and Africa. Included, also, is the diary of his travels in the United States from 1783 to 1784, during which he made a tour of the Carolinas, Pennsylvania, New Jersey, New York, Connecticut, Massachusetts and New Hampshire, an account which has already been printed by the Hispanic Society. They contain Miranda's glowing account of his romantic tour of Europe from the mouth of the Thames to the Crimea, and from the Hellespont to the banks of the Neva.

This first instalment of the Miranda manuscripts also contains many documents concerning the Venezuelan's picturesque career from 1771 to 1800. Among these are papers concerning his diverse activities as a Spanish officer in the West Indies during the American Revolution. Other papers deal with the Spanish conquest of the Bahama Islands in May, 1782. The most illuminating biographical document is perhaps the justificatory petition addressed by Miranda from London on April 10, 1783, to King Charles III of Spain. The last two volumes of this series contain letters addressed to Miranda by various correspondents in different parts of the globe. Here are numerous communications from such persons as Juan de Cagigal, Governor of Cuba; David Ramsay, the American historian; King Frederick William I of Prussia; Prince Bezborodko, Minister of Empress Catherine II; Quatremère de Quincy, the French artist; Thomas Pownall, former Royal Governor of Massachusetts; General Melville, the English littérateur, and Tom Paine, the author of the flaming pamphlet, *Common Sense*.

Scattered through the pages of these volumes are interesting illustrations, many of them drawn from the hero's papers. As Miranda participated in the struggle for the independence of the United States, the French Revolution and the liberation of South America, historians in both the Old World and the New will look forward with keen interest to the completion of this literary enterprise.

Theodore Roosevelt

By E. FRANCIS BROWN

THEODORE ROOSEVELT: A Biography. By Henry F. Pringle. New York: Harcourt, Brace & Co., 1931. \$5.

FOR many years students of American history and Americana have been hoping for a biography of Theodore Roosevelt which would give a true and exact picture of the man. Many biographies and sketches have

appeared, but few have come near the mark set by any except Roosevelt idolators or Roosevelt haters. Mr. Pringle at last has given us a solid, coolly objective, authoritative portrait.

Theodore Roosevelt is one of the most fascinatingly complex Americans who ever attained the rank of first citizen. He was a consummate politician and a historian, a statesman and a troublemaker, an exponent of the Ten Commandments and a man who played fast and loose with truth, a wise man in many things, a fool in others. Yet his mistakes, his hypocrisy and his unscrupulousness delighted the citizens of the United States no less than his truly great accomplishments. With the perspective of time it is difficult to determine why Roosevelt should have been the great American hero of the first decade—and perhaps the second also—of the twentieth century. Mr. Pringle makes no attempt to tell us except when he cites the characterization that "Theodore Roosevelt's life was the ultimate dream of every typical American boy: he fought in a war, he killed lions, became President and quarreled with the Pope." Certainly Roosevelt, even in the early 1900s, was not the typical American, and it is hard to realize that his astonishing popularity was entirely the result of a winning personality. Yet perhaps it was.

"T. R." won nation-wide reputation in the Spanish-American War; yet sober consideration today causes us to raise our eyebrows at his lack of military skill. Mr. Pringle would have done well to have consulted Walter Millis's

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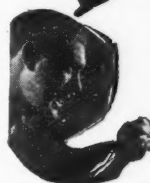
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recent study of the "bully fight." As President, Roosevelt is best remembered as a "trust-buster," a fighter for the rights of the common man and on behalf of conservation, for the Panama affair and for his part in world politics. Only conservation has stood the test of time. In the first two of his claims to fame there was surely more smoke than fire. For example, the value of the decision in the Northern Securities case, except as a precedent, was nil—although Mr. Pringle does not make this too clear. Furthermore, Roosevelt's essential ignorance of economics, both in theory and practice, prevented his accomplishing much for labor or for the common man generally. The Panama episode must be recognized as a blot on the pages of American history; one of the most able portions of the Pringle biography is the discussion of the events leading up to Roosevelt's taking of Panama. Hindsight makes us question Roosevelt's reputation in international affairs. It may be hinted that his activity in securing peace between Japan and Russia was not as great as it seemed to contemporaries, that his part in the Algeiras Conference was none too happy, that his policy in the Caribbean, while in accord with the best practices of the time, has left unfortunate legacies. Nevertheless, his international rôle brought applause in his day and perhaps his acts must be judged from the standpoint of that period.

Unfortunately, the Roosevelt papers in the Library of Congress are open only to March, 1909. Perhaps for that reason Mr. Pringle's interpretation of Roosevelt weakens perceptibly for the decade succeeding his Presidency. Later biographers and historians will not be so handicapped, but it is to be regretted that the author did not use some of the sources for Roosevelt material which are available and which could have thrown much light on the futile, striving, somewhat pathetic years between 1909 and 1919. There is much to be told here and much that is less well known than the events and incidents of the Roosevelt era which ended when William Howard Taft entered the Executive Mansion.

Other biographies of Roosevelt will come from the presses as the months and years go by. Some, it is safe to prophesy, will be poor, some excellent and one at least will be the definitive life of "T. R." While we await these still unwritten biographies homage must be paid to the best life that has yet appeared—Henry F. Pringle's *Theodore Roosevelt*.

The Letters of Queen Victoria

By CHARLES W. COLE

Department of History, Columbia University

THE LETTERS OF QUEEN VICTORIA. Third Series. Vol. 2 (1891-1895). Edited by George Earle Buckle. New York: Longmans, Green & Co., 1931. Pp. xi, 610. \$9.

LIKE its predecessors, this volume contains a varied assortment of letters to and from Queen Victoria, together with extracts from her diary. Again the general reader

may lament that somehow from the pages of her correspondence no picture of the woman herself emerges. Perhaps the editor has emphasized too much her public and semi-public rôles.

Of the public questions, that which aroused Victoria most, during the period 1891-1895, was Gladstone's renewed attempt to establish Irish home rule. Dependent as he was on Irish votes in the Commons, Gladstone could pursue no other course. At every turn the Queen sought to oppose him. She bewailed the resignation of the Conservative Government in 1892, hoped that the Liberal-Irish rule would not last long, denounced Lord Rosebery's speeches for the Liberals as so "radical" as "to be almost communistic," and gave free rein to her old animosity against Gladstone. But when that aged statesman was knocked over by a "wild cow" on his estate she quickly wrote a letter of sympathy to his wife; and when, after the House of Lords had defeated home rule, Gladstone, deaf and partly blind, came to resign for the last time she went so far as to express regret at the cause of his resignation—that is, his physical infirmities.

Victoria herself was getting old; and as rheumatism stiffened her legs, so years hardened her principles. She became as aristocratic as her own Albert could have wished. She opposed payment for members of Parliament and civil service examinations for the Indian service as likely to lower the quality of public servants. She objected to the execution of a rebel Indian potentate with the terse "Think no prince was ever hung." She noted that the Panama scandals offered an opportunity for the restoration of the French monarchy. Above all, she tried to prevent the reform of the House of Lords. Let the Liberals howl that the upper chamber must be mended or ended. Victoria lectured Gladstone and Rosebery on the subject, explained to them the constitutional significance of the upper house and refused to consider the possibility of abridging its powers.

When the Queen tried to interfere too much, attempting to dictate the composition of Cabinets, urging the Liberals to take a strong stand in Egypt or rebuking Rosebery when he was Prime Minister for being jocular in public speeches, the British statesmen listened to her words, obeyed her as far as was politic and took the courses that they saw fit with the most polite and humble submission. When she offered to help Rosebery with the conduct of foreign affairs, it is recorded that he smiled.

Victoria did engage in diplomacy occasionally with friendly personal letters to William II of Germany or Nicholas II of Russia. She was more than cordial to the German Emperor when he visited England. But in her diary she calls it a misfortune "more and more felt" that his father, the Emperor Frederick, should have died.

Though gradually she had to refrain from taking part in exhaustive public ceremonies, she still traveled to the south of France and even to Italy. But the weight of years was upon her. May 24, 1895, she greeted as "my

poor old birthday, my seventy-sixth." Fifty-eight years she had been Queen; Albert had been dead for thirty-four; all the old faces were gone; Windsor was lonely, but Victoria had her duties to her country and to her family, and these she performed with a persistence that age could not weaken nor persuasion shake.

BRIEF BOOK REVIEWS

SURVEY OF AMERICAN FOREIGN RELATIONS, 1931. Prepared Under the Direction of Charles P. Howland. New Haven: Yale University Press, 1931. \$5.

This volume continues the excellent work of the Council on Foreign Relations in presenting comprehensive and continuous studies of the foreign affairs of the United States. As with previous volumes, this latest one surveys only fields which are capable of interpretation and extended narration. More than half of the 1931 *Survey* is devoted to the relations between Mexico and the United States. This study is no drab examination of the existing situation; rather it is a careful analysis of Mexican-United States relations over a long period, particularly since the beginning in 1880 of railroad building in Mexico. In line with the best of modern thinking, attention is focused upon economic and social factors—American investments in Mexico, oil, Mexican debts, Mexican immigration to the United States, the religious difficulties in Mexico and the significance of the successive Mexican revolutions. The volume includes also a less extended, although adequate, study of American efforts toward limitation of armaments as expressed in the Anglo-American negotiations of 1929 and the five-power conference of 1930. The *Survey* concludes with a full story of the establishment of the Bank for International Settlements and the settlement of the war claims between the United States and the former Central Powers. The 1931 *Survey*, like its predecessors, will be of inestimable value both to the student of international relations and to the intelligent layman.

ONLY YESTERDAY: An Informal History of the Nineteen-Twenties. By Frederick Lewis Allen. New York: Harper & Brothers, 1931. \$3.

Tell the average man who has lived through the last decade that he has taken part in the making of history, and he will laugh. For history to him is something that must have happened long before his time. Mr. Allen in his delightful account of America during the period between the armistice and the stock market crash of 1929 deftly demonstrates that we have lived and played our parts, however unconsciously, in a historical epoch—an epoch that is now closed. So he recreates a decade of American life—the end of the Wilson era; the coming of "normalcy" with its scandals, red scares and its end of "normalcy" in manners and morals; Coolidge prosperity and the seven fat years which, as Mr. Allen makes clear, were filled with fads and foibles. It was a time when the "sports ballyhoo" reached a height and when the public followed every murder trial with keenest interest in gory minutiae. This was the age of intellectual dis-

illusionment and cynicism, of *Babbitt* and H. L. Mencken, of prohibition and the rise of the princes of gangdom. But it ended in economic tragedy. Mr. Allen's book will furnish amusement to many readers and may help others to evaluate the period through which we have just passed. As social history against a political background this book is in the best tradition.

COURSES ON INTERNATIONAL AFFAIRS IN AMERICAN COLLEGES, 1930-31. By Farrell Simons. Introduction by James T. Shotwell. Boston: World Peace Foundation, 1931. \$5.

Any compilation of the courses on international affairs given in American colleges is, of course, valuable as a guide or work of reference. But in another sense, it is valuable as bearing "witness to one of the most significant changes in national interest and outlook to be found not only in the history of the United States but in that of any nation at any time." In this volume one becomes aware that the American college student, as never before, is concerned with the problems of international relationships, reflecting in part the changing outlook of the nation itself. Future historians of the American scene will find food for thought in a comparison of the courses in international relations offered in the colleges of the pre-war epoch with those available in 1931. We today can only surmise the probable consequences of the change.

JOSEPH HAWLEY, COLONIAL RADICAL. By E. Francis Brown. New York: Columbia University Press, 1931. \$2.75.

This is the first biography of a man who was one of the able leaders in that clash of conservatism and radicalism which developed into the American Revolution. Western Massachusetts was his home and perhaps his sphere of greatest personal influence, but the parochial fame which was his and which apparently would have become national had not a mental infirmity come upon him was won in Boston in those legislative deliberations which conceived and nourished the revolt against Great Britain. Mr. Brown has not contented himself merely with an account of the political and legal activity of Hawley; he has attempted to place him in the life of the period and to recapture the atmosphere in which he moved and was so important a figure. The book is of value not only to students of American history but also to those interested in the story of eighteenth-century New England.

RECENT IMPORTANT BOOKS

By JAMES THAYER GEROULD

BIOGRAPHY

John G. Carlisle: Financial Statesman. By James A. Barnes. New York: Dodd, Mead & Company, 1931. \$5. A career of public service as member and Speaker of the House of Representatives and as Secretary of the Treasury in the Cleveland Administration.

Crowded Years: The Reminiscences of William G. McAdoo. By William G. McAdoo. Boston: Houghton Mifflin Company, 1931. \$5. The story of the Hudson River tunnels, of the fight for the Federal Reserve act, of the administration of the Treasury and the railroads during

the war, gives to Mr. McAdoo's narrative both dramatic interest and historic value.

Mr. Gladstone. By Walter Phelps Hall. New York: W. W. Norton & Company, 1931. \$3. A short biography, by a competent scholar, of the central figure in English political life for half a century.

Blaine of Maine: His Life and Times. By Charles Edward Russell. New York: Cosmopolitan Book Corporation, 1931. \$5. A political history of the United States in the last half of the nineteenth century, written around the life of Blaine. A very readable book.

Incredible Carnegie: The Life of Andrew Carnegie (1835-1919). By John K. Winkler. New York: Vanguard Press, 1931. \$3.50. A biography in the modern manner, representing nevertheless a careful study of the man and the times in which he lived.

ECONOMICS

Ocean Transportation. By Abraham Berglund. New York: Longmans, Green & Company, 1931. \$4. A compendium of information regarding ocean-going ships, their routes and dockage, their rates and organization, with some discussion of our merchant-marine policy.

Wages and Wealth: This Business Roller-Coaster. By Roy Dickinson. Princeton: Princeton University Press, 1931. \$2. Argues that higher managerial ability, more carefully ordered production and lower returns on capital, rather than wage reduction, are essential if we are to secure a stable industry.

Men of Earth. By Russell Lord. New York: Longmans, Green & Company, 1931. \$3. Stories of "dirt" farmers, men who have succeeded and men who have failed, revealing the stages in the transformation of American agriculture into an organized business.

Financial Racketeering and How to Stop It. By William Leavitt Stoddard. New York: Harper & Brothers, 1931. \$2.50. Describes the methods of the financial sharks who prey on the "sucker" class and the efforts that are being made by the government, the Better Business Bureaus, and other agencies, to protect the public.

The Swope Plan: Details, Criticism, Analysis. By Gerard Swope. Edited by George Frederick. New York: Business Bureau, 1931. \$3.50. The scheme for the stable organization of industry, so as to avoid the recurrence of inflation and depression, formulated by the president of the General Electric Company.

Frankenstein, Incorporated. By D. Maurice Wormser. New York: Whittlesey House, 1931. \$2.50. After a short historical review of the growth of the corporate form of business organization, the author discusses in detail the abuses to which corporations are subject, and suggests changes in the law to remedy them.

The American Tariff and Oriental Trade. By Philip Green Wright. Chicago: University of Chicago Press, 1931. \$2. A study, conducted under the auspices of the American Council of the Institute of Pacific Relations, of the effect of recent tariff legislation on our trade with China and Japan.

HISTORY

Outposts of Empire: The Story of the Founding of San Francisco. New York: Alfred A. Knopf, 1931. \$5. The romantic story of the Spanish occupation of New California, of Anza's expedition into the wilderness, and of the settlement of San Francisco.

The Early Far West, a Narrative Outline, 1540-1850. By W. J. Ghent. New York: Long-

mans, Green & Company, 1931. \$3.50. The contest between Spain and France, during the seventeenth and eighteenth centuries, for the control of the Far West, the exploration and development of trade after the Louisiana Purchase, described in a very readable volume.

Speeches on Foreign Affairs, 1904-14. By Viscount Grey of Fallodon. Selected, with an Introduction, by Paul Knaplund. London: Allen & Unwin, 1931. 10s. 6d. The share of Sir Edward Grey in the determination of public opinion on foreign affairs during the ten years preceding the war was a very large one. The speeches here reprinted are consequently of great significance.

South Africa. By Jan H. Hofmeyr. London: Benn, 1931. 15s. Largely devoted to the period since the Boer War, though the earlier history is recorded in sufficient detail for the general reader.

British Far-Eastern Policy, 1894-1900. By R. Stanley McCordock. New York: Columbia University Press, 1931. \$6. Based largely on recently released official documents.

Haiti Under American Control, 1915-1930. By Arthur C. Millsbaugh. Boston: World Peace Foundation, 1931. \$2.50. The former Financial Adviser and General Receiver of Haiti, in a carefully documented study, summarizes the history of fifteen years of American intervention in Haiti.

POLITICAL SCIENCE

French Public Opinion and Foreign Affairs, 1870-1914. By E. Malcolm Carroll. New York: The Century Company, 1931. \$3.50. An attempt to describe and to evaluate, through extensive quotations from the newspapers and pamphlets of the time, the trend of French public opinion and its effect in determining foreign policy. A publication of the American Historical Association.

Our Lawless Police: A Study of the Unlawful Enforcement of the Law. By Ernest Jerome Hopkins. Foreword by Zechariah Chafee Jr. New York: Viking Press, 1931. \$3. So far from being a deterrent to crime, the illegal methods employed by the police, and described in this volume, tend to increase it.

Extraterritoriality in Japan, and the Diplomatic Relations Resulting in its Abolition, 1853-1899. By F. C. Jones. New Haven: Yale University Press, 1931. \$3. A study that is particularly timely in its relation to Chinese attempts to escape the fetters of extraterritoriality, and Japanese efforts to maintain them.

The United States and Disarmament. By Benjamin H. Williams. New York: Whittlesey House, 1931. \$3.50. A review of the progress thus far made through the Preparatory Commission and the Washington and London Conferences. In an appendix the three treaties are reprinted.

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The Public Pays: A Study of Power Propaganda. By Ernest Henry Gruening. New York: Vanguard Press, 1931. \$2.50. An abstract of the results of the investigation by the Federal Trade Commission of the methods of public utility propaganda, with liberal quotations from the record.

Recent Trends in American Housing. By Edith Elmer Wood. New York: The Macmillan Company, 1931. \$3. A discussion of the results of war housing, rent restrictions, zoning and regional planning, housing loans, public and private, etc. Reaches the conclusion that for two-thirds of our population we have lost ground since the war.



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